



State of Tennessee
Health Services and Development Agency

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Nashville, TN 37243

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Date: March 9, 2016

To: HSDA Members

From: Melanie M. Hill, Executive Director

Re: CONSENT CALENDAR JUSTIFICATION

D&S Residential Services, LP, Greeneville (Greene County), TN – CN1512-059

To establish a four bed ICF/IID home for individuals with Intellectual Disabilities (ICF/IID) located at 1010 Old Stage Road, Greeneville (Greene County), Tennessee 37745. The estimated project cost is \$1,015,451.

As permitted by Statute and further explained by Agency Rule later in this memo, I have placed this application on the Consent Calendar based upon my determination that the application appears to meet the established criteria for granting a Certificate of Need. Need, Economic Feasibility and Contribution to the Orderly Development of Health Care appear to have been demonstrated as detailed below. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a certificate of need. If you find one or more of the criteria have not been met, then a motion to deny is in order.

Due to the sheer number of ICF/IID applications under review, some being recommended for CONSENT CALENDAR approval did not receive a 30-day review.

At the time the application entered the review cycle on January 1, 2016, it was not opposed. If the application is opposed prior to it being heard, it will be moved to the bottom of the regular March agenda and the applicant will make a full presentation.

Summary

D&S Residential Services, LP, Greeneville (Greene County), TN is seeking to establish a 4-bed ICF/IID home to be located at 1010 Old Stage Road. The applicant is a licensed ICF/IID provider and currently provides services to over 500 persons in Tennessee through ICF/IID and Home Community Based Waiver Services (HCBWS). It operates four licensed ICF/IID facilities in Tennessee and is the largest provider of HCBWS in Tennessee. As an existing provider, it is very familiar with both state and federal rules and regulations and is familiar with the settlement agreement. Please refer to the application, staff summary, and TDIDD report for more details about the facility.

The need for this facility is based upon the closure of Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. GVDC is being closed as part of the Exit Plan in a 19-year old lawsuit by the Department of Justice against the State of Tennessee, which found unconstitutional conditions at the State of Tennessee's four developmental centers. The lawsuit will be fully dismissed once all residents of GVDC have been transferred into smaller homes in the community and GVDC is closed.

The following information came directly from the TDIDD website and helps explain the need for this facility:

In April 1996, DIDD entered into a settlement agreement with the advocacy group People First, which had sued the state, charging violations of Civil Rights of Institutionalized Persons Act (CRIPA) at Clover Bottom and Greene Valley Developmental Centers. The United States Department of Justice strongly suggested that the state settle and, in December 1996, sued the state to become a party in the settlement negotiations.

Starting in May 2014, DIDD, the Bureau of TennCare and the Attorney General's office participated in court-ordered mediation for six months to reach an Exit Plan that ultimately will lead to the end of the nearly 20-year-old lawsuit. The Exit Plan was agreed to and executed by all of the parties to the lawsuit: the State, the U.S. Department of Justice, People First of Tennessee and the Parent Guardian Associations of Clover Bottom Developmental Center and Greene Valley Developmental Center.

On January 29, 2015, an order was issued by U.S. District Judge Kevin Sharp approving the Exit Plan. The order entered by Judge Sharp calls for a two-phase dismissal of the lawsuit based on the state completing obligations set forth in the Exit Plan.

The first phase is comprised of eight responsibilities DIDD and TennCare must complete by December 31, 2015 in order for the lawsuit to be partially dismissed.

The second phase requires the closure of Greene Valley Developmental Center in Greeneville by June 30, 2016. Upon closure, the lawsuit would be fully and finally dismissed.

More information can be found at <http://tn.gov/didd/topic/clover-bottom-exit-plan>.

When the link above is opened click on the link identified as “Greene Valley Closure Plan” http://tn.gov/assets/entities/didd/attachments/GVDC_Closure_Plan_FINAL.pdf.

The closure plan provides very detailed information regarding the closure and community transition process. It also notes the State of Tennessee will no longer be a willing provider of Intermediate Care Facility services for Individuals with Intellectual Disabilities (ICF/IID) at Greene Valley Developmental Center (GVDC). Instead, it states current GVDC residents will receive appropriate services and supports in alternative, community-based settings. The plan notes the Vision and Mission of the Department of Intellectual and Developmental Disabilities is to support all Tennesseans with intellectual and developmental disabilities to live fulfilling and rewarding lives and to become the nation’s most person-centered and cost effective state support system.

Finally, United States District Court Judge Kevin Sharp of the Middle District of Tennessee who has overseen the Exit Plan was quoted as saying the Plan is *‘fair, reasonable and adequate’ and provides the next iteration of improvement to the lives of those with disabilities in Tennessee. It will test political will and legislative leadership to continue that progress and to determine how best to care for those often left in the shadows.*

Please refer to the staff summary and the TDIDD report for a detailed narrative of the project.

Executive Director Justification -

I recommend approval of CN1512-059 for the establishment of a 4-bed ICF/IID located at 1010 Old Stage Road, Greeneville (Greene County), Tennessee. My recommendation for approval is based upon my belief the following general criteria for a Certificate of Need have been met.

Need- Need is met, as this will transition four residents from the announced closure of GVDC. This is the last obligation that must be met to settle the State’s 19-year old lawsuit {DOJ (People First of Tennessee) et al. v. CBDC lawsuit}. Judge Sharp found the State’s Exit Plan “fair, reasonable, and adequate”. These residents will continue to receive appropriate services and supports but they will now receive them in a community-based setting and in a home-like environment.

Economic Feasibility- The project is economically feasible based upon the applicant’s ability to work with Scioto Properties, LLC and access an \$8 million revolving line of credit which matures in 2020 from Cadence Bank to build this and two other ICF/IID projects in Greene County which will then be leased back to the applicant. The beds will be immediately filled and the cost-based Medicaid reimbursement set by the Comptroller’s Office. Since the State of Tennessee is the payor for this service, this setting is more economically feasible for the state.

Contribution to the Orderly Development of Health Care-The applicant is an experienced and knowledgeable ICF/IID provider who also is the largest provider of HCBWS. As such, it is familiar with both state and federal regulations; it has prior contractual relationships with both TennCare and the Department, and an understanding of both the intellectual disability population and the intellectual

disability system in Tennessee. Additionally, it meets the goals set for GVDC residents to receive appropriate services and supports in alternative, community-based settings.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency-- 0720-10-.05 CONSENT CALENDAR

(1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.

(2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.

(3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.

(4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.

(a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.

(5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
MARCH 23, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: D & S Residential Services, LP

PROJECT NUMBER: CN1512-059

ADDRESS: 1010 Old Stage Road
Greeneville, (Greene County), Tennessee 37745

LEGAL OWNER: D & S Residential Services, LP
8911 N. Capital of Texas Hwy., Building One, Suite 1300
Austin (Travis County), Texas 78759

OPERATING ENTITY: Not applicable

CONTACT PERSON: Robn Traugott
(210) 373-7450

DATE FILED: December 9, 2015

PROJECT COST: \$1,015,451

FINANCING: Commercial Revolving Line of Credit

REASON FOR FILING: The establishment of a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID). *The 4 beds are subject to the 160 bed ICF/IID Bed Pool.*

DESCRIPTION:

D & S Residential, LP is seeking approval to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) at 1010 Stage Road, Greeneville (Greene County), TN. ICF/IIDs are intended to provide individuals with intellectual disabilities individualized health care and rehabilitation to promote their functional status and independence. D & S Residential, LP will provide nursing care, support services, and therapy services including physical, occupational, speech, and nutritional therapy services. D & S Residential, LP will serve 4 individuals currently residing in the Greene Valley Developmental Center located in Greeneville, (Greene County), TN

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SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

**INTELLECTUAL DISABILITY HABILITATION FACILITY (ICF/IID)
ICF/IID FACILITIES**

A. Need

1. The population-based estimate of the total need for ICF/IID facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria to be appropriate for ICF/ID services.

Application of this formula to the projected 2015 population of Greene County (71,945) results in a gross need for 23 ICF/IID beds.

It appears that this criterion has been met.

2. The estimate for total need should be adjusted by the existent ICF/IID beds operating in the area as counted by the Department of Health, the Department of Mental Health and Substance Abuse Services, and the Department of Intellectual and Developmental Disabilities in the Joint Annual Reports."

There are currently 84 ICF/IID beds operating in Greene County. Subtracting these 84 beds from the 23 gross bed need results in a bed surplus of 61 beds. The Department of Intellectual and Developmental Disabilities (DIDD) indicates 36 ICF/IID beds are needed for GVDC residents who have chosen to remain in Greene County after the closure of GVDC. In addition, DIDD indicates the existing ICF/IID beds in Greene County are full and there is not sufficient existing capacity in Greene County for those persons remaining at GVDC.

Since the applicant is proposing a new 4 bed ICF/IID in a County where existing ICF/IIDs are operating at full capacity, it appears that this criterion has been met.

B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity

A table of driving distances and times for basic services from the proposed ICF/IID location is located on page 27 of the original application.

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distance from the site of the proposed project to GVDC is approximately 5 minutes driving time.

It appears that this criterion has been met.

2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needing services involuntarily.

The proposed project will be providing services to individuals currently residing at GVDC and who have chosen to continue to reside in Greene County. These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessments. These services are available to all who need and qualify for services. The proposed project is within 5.1 miles, or approximately 11 minutes driving time, of Laughlin Hospital (140 licensed beds) located in Greeneville (Greene County), TN.

It appears that this criterion has been met.

C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration."

The Commissioner of the Department of Intellectual and Developmental Disabilities (DIDD) has submitted a letter that supports this application as it contributes to the policy of moving residents from large developmental centers which are inefficient and do not produce economy of scales due to older inefficient buildings to private operation of smaller 4 person ICF/IID homes which are more efficient and economically feasible for the state.

It appears that this criterion has been met.

2. The proposal's relationship to underserved geographic areas and underserved population groups such as identified in state, city,

county, and/or regional plans and other documents should be a significant consideration.

The applicant indicates as of November 27, 2015 there are 68 individuals awaiting placement and this facility will be made available in the event a resident being placed from GVDC is discharged from the proposed facility.

It appears that this criterion has been met.

3. **The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.**

There are 84 ICF/IID 4-bed homes located in Greene County. All the beds are currently occupied. The proposed project will serve current residents of GVDC, so the proposed project should have no impact on similar services supported by state and federal appropriations.

It appears that this criterion has been met.

4. **The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

The applicant has indicated that 96% of the funding for the proposed project will be TennCare reimbursement.

It appears that this criterion has been met.

D. Relationship to Existing Similar Services in the Community

1. **The area's trend in occupancy and utilization of similar services should be considered.**

There are 84 existing ICF/IID 4-bed homes currently in Greene County. These beds are currently occupied. If approved, this project will not impact the utilization of existing ICF/IID providers in Greene County.

It appears that this criterion has been met.

2. **Accessibility to specific special need groups should be an important factor.**

Residents will have access to family practice physicians and the local hospital. D & S Residential, LP will provide access to employ/contract physical therapists, physical therapy assistants, occupational therapists, speech-language pathologists, dietitians, nurses, and behavioral analysts.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

D & S Residential, LP proposes to construct a new 4-bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) in Greeneville (Greene County), TN for the purpose of transitioning 4 individuals into a smaller, group home located in the community. The proposed home will house 4 current residents of the Greene Valley Developmental Center (GVDC), Greeneville (Greene County), TN. D & S Residential, LP's ICF beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. ICF/IIDs provide comprehensive and individualized health care and rehabilitation services to promote the functional status and independence of individuals with intellectual disabilities.

These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration, and daily medical assessment. The age range of the men and women with developmental disabilities who need ICF/IID services is 18-70.

D & S Residential, LP employs nursing staff, physical therapists, occupational therapists, and speech language pathologists.

The following chart displays the availability of essential services to residents of the proposed project.

Service	Closest Location	Driving Distance	Driving Time
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Nearest City	Incorporated	Greeneville, TN	4.5 miles	10 minutes
Hospital/Physician Offices		Laughlin Memorial Hospital	5.9 miles	11 minutes
EMS/Fire Station		Greeneville Fire Station #3	2.5 miles	4 minutes
Day Treatment (if applicable)		Greene County Skills Greeneville, TN	2.4 miles	6 minutes
Green Valley Development Center			2.3 miles	5 minutes

Source: CN1512-059

Note to Agency members: The following statement from the DIDD Report on the proposed project provides history and development of 4-bed ICF/IID homes as follows: "The need for the development of the four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et.al. v. The Clover Bottom Developmental Center et. Al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community." As noted above GVDC is scheduled to close June 30, 2016 but could be extended up to 12 additional months.

The target date for completion of the project is October 2016.

ICF/IID Bed Pool

T.C.A. §71-5-105(b) enacted by the General Assembly, seeks to increase the total number of ICF/IID beds by 160 beds. These beds are then intended to be filled by individuals from state operated Developmental Centers.

- The applicant is requesting 4 beds from the bed pool as the residents of the proposed project currently reside in GVDC.
- As of March 1, 2016, there are currently 52 ICF/IID beds available in the bed pool with 32 ICF/IID beds pending review at HSDA Agency meetings in March-April 2016.
- A copy of the 160 Bed Pool Report is attached at the end of this summary.

Ownership

- D & S Residential, LP is 100% owned by Texas based companies D & S Residential Holdings, LLC (99.9% ownership) and D & S Residential Management GP, LLC (0.1% ownership).
- D & S provides community-based services in Texas, Tennessee, and Kentucky.
- D & S currently operates four licensed 4 bed ICF/IID homes in Shelby County.
- D & S Residential, LP will be the licensed operator of the 4-bed ICF/IID home and will lease the facility from Scioto Properties for an initial 10 year term (with an automatic 5 year renewal term).
- D & S is licensed by DIDD to provide adult day services, placement services, respite care services, supported living, and personal support services in Greene County.
- Please refer to the organizational chart in Attachment A.4.

Facility Information

- The facility will be a newly constructed 3,480 square foot, one story fully sprinkled and accessible home located on a 2.1 acre lot.
- The home will consist of 2 living room areas, dining room, kitchen, laundry room, four bed rooms, 2 1/2 bathrooms, 2 covered porches, and a carport.
- A backup generator will be available on-site to ensure essential resident services are not interrupted by unexpected power outages.

Project Need

The applicant provided the following justification for the project:

- The current bed need formula identified gross need for 23 ICF/IID beds in Greene County. Subtracting the existing 84 ICF/IID beds in Greene County results in a net surplus of 61 additional ICF/IID beds; however, the Department of Intellectual and Developmental Disabilities indicates that 36 *ICF/IID* beds are needed for GVDC residents who have chosen to remain in Greene County after the closure of GVDC.
- The area wide occupancy for the existing 84 bed homes in Greene County was 98.8% in 2014.
- The families and conservators for individuals moving out of GVDC are requesting that their family members move to ICF beds in the community setting.

Service Area Demographics

The applicant's declared service area is Greene County. An overview of the service area is provided as follows:

- The total population of Greene County is estimated at 71,945 residents in calendar year (CY) 2015 increasing by approximately 3.1% to 74,149 residents in CY 2019.
- The overall statewide population is projected to grow by 4.5% from 2015 to 2019.
- The 65 and older population is expected to comprise approximately 23.2% of the total county population in CY2019 compared to 17.3% statewide.
- The 65 and older population of Greene County will increase by approximately 14.4% from CY2015 to CY2019 compared to a statewide increase of 16% during the period.
- Based on October 2015 TennCare enrollee statistics, TennCare enrollees as a percentage of the total county population is 21.6%, compared with the state-wide average of 21.8%.

Historical Utilization

There are currently 21 4-bed ICF/IID homes in Greene County both owned and operated by Comcare (5 homes) and East Tennessee Homes (16 homes).

Historical utilization for these facilities is presented in the table below.

Greene County ICF/IID Home Utilization-2012-2014

Name	Lic. Beds	2012 % Occupancy	2013 % Occupancy	% 2014 Occupancy
Total	84 (21-4 bed homes)	98.8%	99.3%	98.9%

Source: CN1512-059

The historical utilization table reflects the following:

- Greene County ICF/IID homes have remained essentially at full occupancy for each of the past three years.

Projected Utilization

The following table shows the projected utilization of the project.

Applicant's Facility Projected Utilization

Year	Licensed Beds	% Licensed Occupancy
Year 1	4	100.0%
Year 2	4	100.0%

Source: CN1512-059

- The applicant expects to operate at full occupancy each of the first two years

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of operation.

Project Cost

The total project cost is \$1,015,451. Major costs are:

- Facility Lease - \$920,696 or 90.6% of total cost.
- Vehicle and Home Furnishings - \$73,756 or 8.4% of total cost.
- For other details on Project Cost, see the Project Cost on page 32 in the original application.

Funding

A letter dated December 9, 2015 from William H. Crawford of Cadence Bank confirms the availability of a \$8 million revolving line of credit to D & S Residential, LP, maturing in 2020 with an interest rate based on a 4.25% spread over the London International Offered Rate (LIBOR).

Note: LIBOR is the primary benchmark for short term interest rates around the world. Calculated for 5 currencies and 7 borrowing periods ranging from overnight to 1 year, it is based on an average estimated interest rate the leading banks in London, England would be charged were they to borrow from other banks.(Source: Wikipedia)

Review of D & S Residential Holdings, Inc. financial statements ending 12/31/14 revealed current assets of \$12,525,296 and current liabilities of \$14,662,844 for a current ratio of .85 to 1.0.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- According to the Historical Data Chart, D & S Residential, LP total operation realized a favorable Net Operating Income of \$2,070,539 in Year 2012, \$1,801,738 in 2013, and \$1,358,713 in 2014.

Projected Data Chart

The applicant projects \$986,918 in total gross revenue on 1,460 patient days in Year 1 increasing by 2.1% to \$1,007,948 on 1,460 patient days in Year 2 (approximately \$690 per day). The Projected Data Chart reflects the following:

- The applicant projects to breakeven in both Years 1 and 2 so that no net income is projected.
- The applicant projects revenue based on expected funding and does not report deductions for contractual adjustments, charity care, and bad debt.

Charges

In Year 1 of the proposed project (2017), the average gross daily patient charge is projected to be \$676.00. Since there are no deductions from revenue reported, the net charge is the same. In comparison, the charges of 5 existing private 4 bed licensed Greene County ICF/IIDD homes owned by Comcare range from approximately \$408.75/day to a high of \$484.43/day. Per the review of a similar application from a different applicant, it was stated that the rates are charged per person supported per day and are established by the Tennessee Comptroller of the Treasury.

Medicare/TennCare Payor Mix

The applicant expects the proposed project to be funded 96% by TennCare/Medicaid and 4% Client Responsibility.

Staffing

A breakout of the staffing in Year 1 includes the following:

- 1.0 FTE House Manager
- 0.33 FTE RN
- 0.33 FTE Qualified Intellectual Disabilities Professional
- 0.33 FTE Qualified Intellectual Disabilities Professional Assistant
- 11.0 FTE Direct Support Workers
- **13.0 FTE TOTAL**

Licensure/Accreditation

If approved, the proposed facility will be licensed by the Department of Intellectual and Developmental Disabilities.

A copy of the most recent Tennessee surveys of ICF/IID homes owned by D & S Residential, LP are located in Attachment C.7 (d). An email dated November 9, 2015 from DIDD located in Supplemental #1 confirms D & S Residential, LP is in full compliance with all participation requirements of the ICF/IID program.

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

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Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied applications, or outstanding Certificates of Need for this applicant.

Pending Applications

D & S Residential Services, LP, CN1512-060, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a 4 person ICF/IID home located at 2609 Erwin Highway, Afton (Greene County), TN on a 4.16 acre lot to be shared with a companion project (D & S Residential Services, LP, CN1512-061). **The estimated project cost is \$874,858.**

D & S Residential Services, LP, CN1512-061, has a pending application that is scheduled to be heard at the March 23, 2016 Agency meeting for the establishment of a 4 person ICF/IID home located at 2619 Erwin Highway, Afton (Greene County), TN on a 4.16 acre lot to be shared with a companion project (D & S Residential Services, LP, CN1512-060). **The estimated project cost is \$874,858.**

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications for other health care organizations in the service area proposing this type of service.

Outstanding Certificates of Need

Sunrise Community of Tennessee, Inc., CN1510-043A, has an outstanding Certificate of Need that will expire on March 1, 2018. The project was approved at the January 27, 2016 Agency meeting to establish a 4 bed Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) at 640 Old Shiloh Road, in Greeneville (Greene County), TN. The estimated project cost is **\$949,840.00**. *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Greeneville # 1 Chuckey Pike, CN1511-050A, has an outstanding Certificate of Need that will expire on April 1, 2018. The Project was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the east side of a 2.72 acre lot on Chuckey Pike, Greeneville (Greene County, TN. **The estimated project cost is \$1,370,000.** *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Greeneville #3 East Church Street-East, CN1511-052A, has an outstanding Certificate of Need that will expire on April 1, 2018. The Project was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the east half of a 2.74 acre lot on East Church Street, Greeneville (Greene County), TN. **The estimated project cost is \$1,370,000.** *Project Status Update: The project was recently approved.*

Open Arms Care Corporation dba Greeneville #2 East Church Street-West CN1511-054A, has an outstanding Certificate of Need that will expire on April 1, 2018. The Project was approved at the February 24, 2016 Agency meeting for the establishment of a 4 person ICF/IID home on the west half of a 2.74 acre lot on East Church Street, Greeneville (Greene County), TN. **The estimated project cost is \$1,370,000.** *Project Status Update: The project was recently approved.*

Sunrise Community of Tennessee, CN1511-055A, has an outstanding Certificate of Need that will expire on April 1, 2018. The Project was approved at the February 24, 2016 Agency meeting for the establishment of a 4 bed ICF/IID home located at 680 Quaker Knob Road, Chuckey (Greene County), TN. **The estimated project cost is \$965,868.** *Project Status Update: The project was recently approved.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DIABILITIES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PE

03/02/2016

ICF/IID BED POOL STATS

T.C.A. §71-5-105(b) 160 BED POOL

ICF/IID Beds APPROVED Since July 1, 2006	108	ICF/IID Beds
ICF/IID Beds DENIED Since July 1, 2006	0	ICF/IID Beds
Total Beds AVAILABLE from Bed Pool	52	ICF/IID Beds

ICF/IID Beds PENDING

32 ICF/IID beds

COUNTY	PROJECT NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Davidson	CN0707-053	Mur-Ci Homes, Inc.	Approved Implemented – 5/13/2009	10/24/2007	The addition of 32 residential ICF/IID beds to the existing 40 beds. Four single story buildings with eight (8) single bedrooms to be built on the existing property site. Located at 2984 Baby Ruth Lane, Antioch, Tennessee.
Hamilton	CN0807-044	Orange Grove Center 3400 Chandler Avenue	Approved Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. Located at 3400 Chandler Avenue, Chattanooga, Tennessee.
Hamilton	CN0807-045	Orange Grove Center 3406 Chandler Avenue	Approved Implemented – 11/17/2010	10/22/2008	The establishment of a four (4)-bed* ICF/IID home for four (4) residents who will be referred or transferred from a State of Tennessee Developmental Center. Located at 3406 Chandler Avenue, Chattanooga, Tennessee.
Bradley	CN0809-064	Bradley/Cleveland Services, Inc., Site A between 183 and 217, Kile Lake Road, SE	Approved Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site A will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Bradley	CN0809-065	Bradley/Cleveland Services, Inc., Site B between 183 and 217, Kile Lake Road, SE	Approved Implemented – 2/24/2011	12/17/2008	The establishment of a four (4) bed* ICF/IID home for four (4) residents who will transfer or be referred from a State of Tennessee development center. Site B will be located between 183 and 217 Kile Lake Road, SE, Cleveland, Tennessee.
Rutherford	CN0810-078	Tennessee Family Solutions, Inc. 722-724 Stone Trace Drive	Approved Implemented – 9/1/2009	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 722-724 Stone Trace Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-079	Tennessee Family Solutions, Inc. 1502-1504 Rochester Drive	Approved Implemented – 7/19/2011	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1502-1504 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.

ICF/IID BED POOL STATS

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Rutherford	CN0810-080	Tennessee Family Solutions, Inc. 1727-1729 Thomas Court	1 Approved Implemented – 7/1/2010	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1727-1729 Thomas Court, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Rutherford	CN0810-081	Tennessee Family Solutions, Inc. 1432-1434 Rochester Drive	Approved Implemented – 7/1/2010	1/28/2009	The addition of four (4)* ICF/IID beds by converting two (2) zero lot line residences at 1432-1434 Rochester Drive, Murfreesboro (Rutherford County), TN into a four (4) bed ICF/IID.
Greene	CN0812-117	Comcare, Inc.	Approved Implemented – 3/16/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 32 Whirlwind, Greeneville, Tennessee.
Greene	CN0812-118	Comcare, Inc.	Approved Implemented – 3/16/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 8 Burkey Road, Greeneville, Tennessee.
Greene	CN0812-119	Comcare, Inc.	Approved Implemented – 4/27/2011	5/27/2009	The establishment of a four (4)*-bed ICF/IID program in an existing facility. This program will service four (4) people with mental disabilities who will transfer from Greene Valley Developmental Center or other State Developmental Centers. Location will be at 118 Marshall Lane, Greeneville, Tennessee.
Roane	CN1509-038	Michael Dunn Center	Approved	12/16/2015	The establishment of a four (4) bed ICF/IID home for four (4) residents located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee 37748.
Greene	CN1510-043	Sunrise Community of Tennessee	Approved	1/27/2016	The establishment of a four (4) bed ICF/IID home on 640 Old Shiloh Road, Greeneville, Tennessee.
Greene	CN1511-050	Open Arms Care Corporation dba Greeneville #1 Chuckey Pike	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home on the east side of a 2.72 acre lot on Chuckey Pike, Greeneville, Tennessee.
Hamilton	CN1511-051	Open Arms Care Corporation dba Hamilton County #2 Gamble Road - Southwest	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home on the southwest quadrant of a 15.5 acre lot on Gamble Road, Georgetown, Tennessee.
Greene	CN1511-052	Open Arms Care Corporation dba Greeneville #3 East Church Street - East	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home the east half of a 2.74 acre lot on East Church Street, Greeneville, Tennessee.
Hamilton	CN1511-053	Open Arms Care Corporation dba Hamilton County #1 Gamble Road - Southeast	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home the southeast quadrant of a 15.5 acre lot on Gamble Road, Georgetown, Tennessee.
Greene	CN1511-054	Open Arms Care Corporation dba Greeneville #2 East Church Street - West	Approved	2/24/2016	The establishment of a four (4) person ICF/IID home on the west half of a 2.74 acre lot on East Church Street, Greeneville, Tennessee.
Greene	CN1511-055	Sunrise Community of Tennessee	Approved	2/24/2016	The establishment of a four (4) bed ICF/IID home on Quaker Knob Road, Chuckey, Tennessee.
Greene	CN1512-059	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 1010 Old Stage Road, Greeneville, Tennessee.

ICF/IID BED POOL STATS

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Greene	CN1512-060	D & S Residential Services, LP	1 Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2609 Erwin Highway, Afton, Tennessee.
Greene	CN1512-061	D & S Residential Services, LP	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on 2619 Erwin Highway, Afton, Tennessee.
Knox	CN1512-062	Open Arms Care Corporation dba Knox County #1 Bishops Bridge Northeast	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northeast corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-063	Open Arms Care Corporation dba Knox County #2 Bishops Bridge Northwest	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest corner of 1817 Bishop Bridge Road, Knoxville, Tennessee.
Knox	CN1512-064	Open Arms Care Corporation dba Knox County #4 South Northshore Drive Northwest	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the northwest half of 12629 South Northshore Drive, Knoxville, Tennessee.
Knox	CN1512-065	Open Arms Care Corporation dba Knox County #3 South Northshore Drive Southeast	Pending	3/23/2016	The establishment of a four (4) bed ICF/IID home on the southeast half of 12629 South Northshore Drive, Knoxville, Tennessee.
Roane	CN1602-006	Michael Dunn Center	Pending	4/27/2016	The establishment of a four (4) bed ICF/IID home at 763 Clymersville Road, Rockwood, Tennessee.

LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Greeneville Sun which is a newspaper
 of general circulation in Greene County, Tennessee, on or before December 9, 2015,
 for one day.
(Name of Newspaper)
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

D&S Residential Services, LP N/A
(Name of Applicant) (Facility Type-Existing)
 owned by: D&S Residential Services, LP with an ownership type of Limited Partnership
 and to be managed by: itself intends to file an application for a Certificate of Need
 for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a four-bed ICF/IID home at 1010 Old Stage Road, Greeneville,
Greene County, TN. The estimated project costs, calculated according to HSDA rules, for this project are approximately \$972,436.
These beds, replacing four beds being closed at Greene Valley Developmental Center, will be licensed by the Tennessee Department of
Intellectual and Developmental Disabilities as ICF/IID beds upon project completion. Services provided will include life care support for
individuals with intellectual and/or developmental disabilities, appropriate therapies, community integration, and life skills development.

The anticipated date of filing the application is: December 11, 2015

The contact person for this project is Robn Traugott Director of Training & Development
(Contact Name) (Title)
 who may be reached at: D&S Residential Services, LP 8911 N. Capital of TX Highway, Bldg. One, Suite 1300
(Company Name) (Address)

Austin TX 78759 210 / 373-7450
(City) (State) (Zip Code) (Area Code / Phone Number)
Robn Traugott 12.8.15 RTraugott@dscommunity.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be **filed in triplicate and received between the first and the tenth day of the month.** If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY

D&S Residential

Services

1010 Old Stage

Road

CN1512-059

1. **Name of Facility, Agency, or Institution**

D & S Residential Services, LP
 Name
 1010 Old Stage Road
 Street or Route
 Greeneville
 City
 TN
 State
 Greene
 County
 37745
 Zip Code

2. **Contact Person Available for Responses to Questions**

Robn Traugott
 Name
 D & S Residential Services, LP
 Company Name
 8911 N. Capital of Texas Hwy, Building One, Suite 1300 Austin
 Street or Route
 Employee
 Association with Owner
 Director of Training & Development
 Title
 RTraugott@dscommunity.com
 Email address
 TX 78759
 State Zip Code
 (210) 373-7450
 Phone Number
 (512) 327-5355
 Fax Number

3. **Owner of the Facility, Agency or Institution**

D & S Residential Services, LP
 Name
 8911 N. Capital of Texas Hwy, Building One, Suite 1300
 Street or Route
 Austin
 City
 TX
 State
 (512) 327-2325
 Phone Number
 Travis
 County
 78759
 Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship	_____	F. Government (State of TN or	_____
B. Partnership	_____	Political Subdivision)	_____
C. Limited Partnership	<u>X</u>	G. Joint Venture	_____
D. Corporation (For Profit)	_____	H. Limited Liability Company	_____
E. Corporation (Not-for-Profit)	_____	I. Other (Specify)	_____

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

5. Name of Management/Operating Entity (If Applicable)

N/A

Name _____

Street or Route _____

County _____

City _____

State _____

Zip Code _____

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership _____

D. Option to Lease _____

B. Option to Purchase _____

E. Other (Specify) _____

C. Lease of 10 Years X

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

7. Type of Institution (Check as appropriate--more than one response may apply)

A. Hospital (Specify) _____

I. Nursing Home _____

B. Ambulatory Surgical Treatment
Center (ASTC), Multi-Specialty _____

J. Outpatient Diagnostic Center _____

C. ASTC, Single Specialty _____

K. Recuperation Center _____

D. Home Health Agency _____

L. Rehabilitation Facility _____

E. Hospice _____

M. Residential Hospice _____

F. Mental Health Hospital _____

N. Non-Residential Methadone
Facility _____G. Mental Health Residential
Treatment Facility _____

O. Birthing Center _____

H. Mental Retardation Institutional
Habilitation Facility (ICF/MR) XP. Other Outpatient Facility
(Specify) _____

Q. Other (Specify) _____

8. Purpose of Review (Check) as appropriate--more than one response may apply)A. New Institution X

G. Change in Bed Complement _____

B. Replacement/Existing Facility _____

*[Please note the type of change
by underlining the appropriate
response: Increase, Decrease,
Designation, Distribution,
Conversion, Relocation]*

C. Modification/Existing Facility _____

D. Initiation of Health Care
Service as defined in TCA §
68-11-1607(4) _____

H. Change of Location _____

E. Discontinuance of OB Services _____

I. Other (Specify) _____

F. Acquisition of Equipment _____

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	4	4
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	4	4

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** N/A
Certification Type _____

11. **Medicaid Provider Number** To be obtained
Certification Type _____

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?** YES
(Medicaid)

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? YES** If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area. See Attachment A.13

NOTE: *Section B* is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. *Section C* addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

Section B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE:

The need for this project comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Development Center ("GVDC"), which is anticipated to close on or around June 30, 2016. The closure of GVDC is part of an Exit Plan in a 19 year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et al.* No. 3:95-1227). The last obligation in the Exit Plan is the closure of GVDC and the transition of GVDC residents into smaller homes in the community. These homes and beds are needed to transition the remaining residences from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care. Based on recent communications with DIDD, as of November 27, 2015, there are 68 persons currently supported at GVDC.

This project involves the construction of a new four-bed ICF/IID group home at 1010 Old Stage Road, Greeneville, TN 37745 to serve four individuals exiting GVDC. The home will be owned by Scioto Properties, LLC ("Scioto Properties") and leased and operated by D&S Residential Services, LP ("D&S") under a triple-net lease arrangement with an initial term of 10 years. D&S will be submitting two additional CON applications for similar homes in Greeneville County located at 2609 and 2619 Erwin Hwy, Afton, TN 37616. This application addresses the home proposed for 1010 Old Stage Road, Greeneville, TN 37745.

D&S currently provides a full array of community-based services to meet the needs of the individuals they serve – from residential homes and in-home supports to day habilitation programs and vocational training, D&S programs and services are specially designed to help individuals with intellectual and developmental disabilities realize a life of independence and self-determination. D&S provides services in Texas, Tennessee (Middle, East, and West), and Kentucky. D&S manages over 330 residential homes in neighborhoods throughout Texas, Tennessee, and Kentucky. In Tennessee, D&S operates 140 homes and, between individuals supported in their residential homes, Family Model homes, and their own home receiving Personal Assistance supports, D&S currently provides services to over 500 individuals in Tennessee. D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License L000000014120); (2) James Road facility (License #L000000014121); (3) Egypt Central facility (License #L000000014119); and (4) Darolyn Street facility (License #L000000014122). D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported

December 30, 2015

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Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (License #L000000015533, 7417 Kingston Pike, Knoxville, TN; License #L000000015532 / 269 Cusick Street, Alcoa, TN) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

- (1) Proposed Services and Equipment: The home will have one-story with 4 bedrooms and 2 bathrooms for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents. The home will also provide laundry and kitchen/dining facilities and will have living room areas and two covered porches. The home will be approximately 3,480 square feet. Total costs of the project will be approximately \$1,015,451, as described in the Project Costs Chart provided in this application. Services that D&S will provide to residents include: life care support, dressing, personal hygiene, nutrition education, meal preparation, household chores, budget management, scheduling/appointments, social skill building, community integration, life skills development, and medication administration (as permitted). Other services available to residents include, as appropriate, physical therapy, occupational therapy, behavior support, nursing services, and supported employment. No major medical equipment is to be acquired for these services.
- (2) Ownership Structure: The home will be constructed and owned by Scioto Properties and leased to D&S. Attached are the development agreement, Letter of Intent, and draft lease between the parties. Under the lease, D&S will be fully responsible for operation of the home and for the care provided to its residents. D&S Residential, LP (the applicant) is a limited partnership formed in Texas and qualified to do business in Tennessee. D&S Residential Management GP, LLC, a Texas limited liability company, is the general partner with 0.1% ownership interest in D&S Residential, LP. D&S Residential Holdings, LLC, a Texas limited liability company, is the limited partner and holds 99.9% ownership interest in D&S Residential Services, LP. D&S Residential Holdings, LLC is owned by two investment funds: Comvest Investment Partners V, LP (54.42%) and Comvest Investment Partners V-A, LP (45.58%). These investment funds are private investment funds providing equity and debt capital to middle market companies across the United States. Both of these investment funds are managed by Roger Marrero, Cecilio Rodriguez, and Lee Bryan. These individuals, along with D&S CEO and President Mickey Atkins, are responsible for the management of D&S.
- (3) Service Area: The new 4-bed ICF/IID group home is being constructed to serve residents who will be transferred out of Greene Valley Development Center and wish to remain in Greene County. The home will be located at 1010 Old Stage Road, Greeneville, Greene County, TN 37745.
- (4) Need: GVDC is scheduled to close on or around June 30, 2016. According to email correspondence and supporting documentation from Terry Jordan-Henley, DIDD Deputy Regional Director, East Tennessee Regional Office: (a) as of November 27, 2015, there were 68 individuals supported at GVDC; (b) 65 of the 68 residents at GVDC have selected ICF/IID services (over the other option of HCBS services) upon exit from GVDC; (c) approximately 45 of these residents wish to receive ICF/IID services in Greene County; (d) all current ICF/IID beds in Greene County are at capacity and additional ICF/IID beds are needed to meet the needs of individuals leaving GVDC.
- (5) Existing Resources: D&S Residential Services, LP has entered into a Letter of Intent and Development Agreement with Scioto Properties to construct the home and lease it to D&S. D&S has the financial resources to lease, staff, maintain, and operate this home, as shown in the D&S information attached. D&S will bill TennCare for care and services provided to the residents. As discussed above, D&S has experience with operating ICF/IID homes in Tennessee.

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- (6) **Project Cost:** D&S has entered into a Letter of Intent and Development Agreement with Scioto Properties whereby Scioto Properties will acquire the land, handle construction of the home, and enter into a triple-net lease with D&S for an initial term of 10 years (with an automatic renewal term of 5 years). The estimated Project Costs of construction for the proposed 4-bed ICF/IID home is \$1,015,451. Monthly rent will be approximately \$6770 / month during the first year. There shall be an annual rent increase of two percent (2%) over the monthly rent for the preceding year. D&S will be responsible for utilities, all maintenance and repairs, property taxes (through a monthly escrow) and property insurance (including business interruption insurance rider) on the home. As shown in the Development Agreement provided, Scioto Properties will contract with the architectural firm, Berardi Partners, to provide architectural services necessary for the project. Spectrum Contracting Services, Inc. will be engaged by Scioto Properties as the general contractor for the project.
- (7) **Funding and Financial Feasibility:** D&S has the financial resources to operate and lease, staff, maintain, and operate this home, as shown in the D&S financial information attached. D&S will bill TennCare for care and services provided to the residents of the proposed ICF/IID home. The attached letter from Scioto Properties, dated November 23, 2015, discusses Scioto Properties' cash reserves for construction.
- (8) **Staffing:** The home will have a dedicated House Manager that works closely with the local office staff to provide a comfortable living environment, work on the goals and objectives of each resident daily, and integrate the residents in their local communities. The ICF/IID home is also expected to employ approximately 11 Direct Support Professionals. As needed, D&S employs nurses to provide care and contracts with therapy personnel needed to support individuals in physical, occupational, speech, and nutrition therapy. Local resources are also available to support individual choice. Staffing of the home will come from nurses and direct support professionals in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

Attachment B.I: (1) Executed Letter of Intent between D&S and Scioto Properties; (2) Executed Development Agreement between D&S and Scioto Properties; (3) draft lease; (4) DIDD letter of support and expression of need; (5) proposed floor plan for the home; (6) D&S formation and qualification documents; (7) D&S partnership agreement; (8) D&S financial information; (9) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (10) correspondence from Scioto Properties (November 23, 2015) discussing project.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should

provide a breakout between ²⁶ new construction and renovation cost per square foot. Other facility projects need only complete Parts B-E. Please also discuss and justify the cost per square foot for this project.

December 30, 2015

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If the project involves none of the above, describe the development of the proposal.

RESPONSE:

- (1) **Construction of the Facility:** The home will be located at 1010 Old Stage Road, Greeneville, TN 37745 on a 2.086 acre lot, as shown in the attached plat. Scioto Properties will be responsible for building the home. Total budgeted cost for the project is \$1,015,451. The home will be a slab-on grade and wood framed structure with brick veneer/vinyl siding, pitched wood trusses, and asphalt shingle roofing. The home will have an R13 Fire Protection System. Site development will include rough and finish grading, storm water management, site utilities, driveways, some concrete paving, concrete sidewalks, and landscaping. Scioto Properties is contracting with the architectural firm, Berardi Partners, to provide architectural services necessary for the project. Spectrum Contracting Services, Inc. will be the general contractor. Spectrum Contracting Services will build the home based on working plans developed by Scioto, and approved by D&S, and will provide construction services, including supervision and oversight of subcontractors necessary for the project.

Scioto Properties has significant experience in locating and constructing disability housing, with 1,000 homes in 37 states, serving over 3,500 individuals with developmental disabilities. The attached letter from Scioto Properties, dated November 23, 2015, describes the project team in more detail.

- (2) **Square Footage:** The home will be approximately 3,480 square feet.
- (3) **Major Operational Areas and Room Configurations:** The home will have one-story with 4 bedrooms and 2 baths for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents, including large doorways for easy access and bathrooms with walk-in showers and/or shower trollies. The home will also provide laundry and kitchen/dining facilities, two living room areas, and two covered porches. For the staff, the home will include office, storage, medical storage, and staff bathroom. The home will have an R13 Fire Protection System.
- (4) **Square Footage and Cost Per Square Footage Charts:** Total square footage for the home will be approximately 3,480 square feet at a cost of approximately \$233.50 per square foot. This cost is based upon the site plans and building plans for the project developed by Scioto Properties, as follows:

Arch	\$ 13,333
Civil Engineering	\$ 8,625
Survey	\$ 2,800
GeoTech	\$ 2,450
Builders Risk	\$ 3,500
Land	\$ 65,000
Site Work	\$ 157,000

Price Per SQFT	\$ 233.50
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Attachment B.II.A: (1) plat showing lot where home will be constructed; (2) Proposed Floor Plan for 4-bed ICF/IID home; (3) correspondence from Scioto Properties (November 23, 2015) discussing project details and team.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE:

The home will be new construction with four new ICF/IID beds in Greene County. This project is for the construction of a new four-bed ICF/IID home. This project is in conjunction with two additional ICF/IID homes that Scioto Properties is building for D&S (with all three projects adding a total of 12 new ICF-IID beds operated by D&S in Greene County). The purpose of constructing the new ICF/IID home and creation of these beds is to accommodate individuals who will be displaced when GVDC closes in June 2016. The state has already expressed a need for new ICF/IID beds due to closure of GVDC, where, as of November 27, 2015, 68 individuals reside. Approximately 45 residents at GVDC are requesting ICF/IID services in Greene County.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

[illegible]

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services – D&S specializes in the support of individuals with intellectual and developmental disabilities by providing a variety of services to the ICF/IID population, including operating four licensed ICF/IID group homes in Tennessee and 33 ICF homes in Texas. D&S Residential Services, LP is planning to open a total of three additional four-bed ICF/IID homes in Greene County to accommodate individuals who will be displaced when GVDC closes in June 2016. The state has expressed a need for new ICF/IID beds in the region due to closure of GVDC, which, as of November 27, 2015, supported 68 persons. This application is being submitted for one of these homes, which will be constructed at 1010 Old Stage Road, Greeneville, TN 37745.
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

- D. Describe the need to change location or replace an existing facility.

RESPONSE:

The purpose of constructing this new ICF/IID home and creation of these beds is to accommodate individuals who need to transition out of GVDC when it closes. The closure of GVDC is part of an Exit Plan in a 19 year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et al.* No. 3:95-1227). One of the developmental centers has already closed, another is set to close in the fall of 2015, the third is a small specialized developmental center for persons who are court ordered for competency evaluation and training, and GVDC. The last obligation in the Exit Plan, which, once complete, will result in a full dismissal of the lawsuit, is the closure of GVDC and the transition of all GVDC residents into smaller homes in the community. These homes and beds are needed to transition the remaining residents from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost ;(As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedules of operations.
 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE:

Not applicable. D&S will not acquire major medical equipment for this project. The operation of the ICF/IID home will not require the use of major medical equipment.

III.

- A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**
 1. Size of site (*in acres*);
 2. Location of structure on the site; and
 3. Location of the proposed construction.
 4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE:

- (1) Size of site (in acres): 2.086 acres.
- (2) Location of structure on the site: The site is located at 1010 Old Stage Road, Greeneville, TN 37745.
- (3) Location of the proposed construction: The approximate location of the ICF/IID home will be the center of this 2.086 acre lot.
- (4) Names of streets, roads or highway that cross or border the site: 1010 Old Stage Road is near U.S. Route 11E (Andrew Johnson Highway). Streets that intersect with Old Stage Road near the site are Serral Drive, Morgan Road, and Windsong Road. Several federal and state highways intersect in Greeneville.
 - U.S. Route 321 follows Main Street through the center of the town and connects Greeneville to Newport, TN to the southwest. 1010 Old Stage Road is approximately 4.5 miles (10 minute drive) to central Greeneville (Main Street).
 - U.S. Route 11E (Andrew Johnson Highway), which connects Greeneville with Morristown, TN to the west, intersects U.S. 321 in Greeneville and proceeds northeast to Johnson City, TN. Tennessee State Route 107, which also follows Main Street and Andrew Johnson Hwy, Greeneville to Erwin, TN to the east and to the Del Rio, TN area to the south. 1010 Old Stage Road is located approximately 1.5 miles North of 11E (E Andrew Johnson Hwy).

Attachment B.III.A: (1) Plat; (2) map indicating location with streets and highways that cross or border the site.

- B. 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE:

The ICF/IID group home will be close to the following highways and major road developments: 11E (E Andrew Johnson Hwy) and Erwin Highway. The site is approximately 1.5 miles North of 11E (E Andrew Johnson Hwy) and is approximately 2.5 miles from where GVDC is located.

The home will not generally be open to the general public but will be open to the supported individuals' families and friends. There will not be patient flow from outside into this facility.

Greeneville, TN is a small town with approximately 15,000 residents. Greeneville is accessible by Interstate 81. The city offers limited public transportation options, though taxi cabs appear to run in the city. Tri-Cities Regional Airport is located off I-81, is 35 miles from Greeneville, and serves the following airlines: Allegiant Air, American Eagle, Delta Connection, and US Airways Express. McGhee Tyson Airport serves metropolitan Knoxville and is located 70 miles from Greeneville.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

Attachment B.IV: (1) Floor Plan.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Not applicable.

Section C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in

Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

RESPONSE:

This proposed project will relate to the 5 Principles for Achieving better Health found in the State Health Plan for the following reasons:

- (1) **The purpose of the State Health Plan is to improve the health of the people of Tennessee. How will this proposal: (1) protect, promote, and improve the health of Tennesseans over time; (2) have a positive impact on health outcomes and measure improvement in health outcomes; (3) use available data to measure its contribution to improving health outcomes?**

Response: As a private ICF/IID provider, D&S, must provide the same level of services as large, public institutions like GVDC, including providing a protected residential setting, ongoing evaluation, planning, supervision, coordination and integration of health or rehabilitative services to help each individual function at his greatest ability.

D&S strives to empower individuals to live a life of independence and self-determination. One of the ways they realize this goal is through Person Centered Thinking, an ongoing process that uses a variety of skills to discover what is Important to an individual – such as activities, places, things, and people, and what is important for an individual to help them live a better life. From this specialized discovery process, a person-centered description of the individual is created. This then, leads to an action plan that builds on their strengths, talents, and skills and works toward realizing their goals while maintaining their health and safety. Person Centered Thinking (PCT) is most effective when everyone around the individual, from direct caregivers to professional staff, understands and demonstrates person centered thinking skills. D&S is one of the few providers in Tennessee, that has in-house Certified PCT Trainers who work to integrate Person Centered Thinking approaches in every service they provide.

The D&S Quality Assurance department provides D&S with mechanisms to examine performance and outcomes and use information to make decisions about needed adjustments to program implementation. The evaluation of these processes is centered on the individual and exists to enhance his or her quality of life. The following are some identified Quality Assurance Plan Components for which Self-Assessment data is regularly collected: (1) Annual Satisfaction Survey for those who receive Supports; (2) Annual Stakeholder Satisfaction Survey; (3) Annual Employee Satisfaction Survey; (4) Monthly Unannounced Supervisory Visits; (5) Incident Management Data; (6) Monthly Fire Drills; (7)

Monthly Chart Audits and Matches; (8) Employee Training File Audits; (9) Human Resources File Audits; (10) Therapy Audits; (11) Medication Variance Trend Reports; (12) Mock Surveys (when necessary); (13) Technical Assistance; (14) Program Quality Rating Tool; (15) Complaints.

The goals of the Self-Assessment Process are: (1) To continuously collect and analyze reliable data on all aspects of service delivery; (2) To use an indicator based approach to identify and assess trends or patterns indicating areas that need improvement; (3) To evaluate person centered outcome attainment, and thus overall program success; (4) To design or redesign services based upon data collection and analysis; and (5) To improve outcomes of annual licensure audits by collecting and analyzing data on domains specific to each entity.

D&S seeks to reach levels of attainment that exceed the minimum requirements set forth by licensing bodies. The Self-Assessment Plan focuses on analyzing data from service delivery processes and outcomes to strive to continue an environment of excellence in everything D&S does.

- (2) People in Tennessee should have access to health care and the conditions to achieve optimal health. How will this proposal: (1) Improve access to health care; (2) improve information provided to patients and referring physicians; (3) improve health literacy among its patient population, including communications between patients and providers?**

Response: In alignment with DIDD's Exit Plan to end *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227, the state has decided that it will no longer be a provider of ICF services for individuals at GVDC. Instead, the state is helping GVDC residents find placement in community-based settings. This project provides GVDC residents with access to such care.

In the process of developing its Exit Plan, DIDD initiated careful effort to ensure successful community transitions for GVDC's current residents, including soliciting input from stakeholder groups that included family forums and meetings with conservators and advocacy groups. The GVDC Chief Officer, Case Managers, and Transition Team have been holding meetings with conservators of GVDC residents to give family members a more personal and private opportunity to discuss residents' transition into community-based arrangements. D&S has been coordinating with DIDD regarding its placement efforts, and DIDD has identified the twelve individuals residing at GVDC that will be placed in one of the D&S proposed ICF/IID homes in Greene County.

D&S communicates with the supported individuals' physicians in the community, discussing issues, options and solutions to healthcare needs of people supported. D&S communicates with families/conservators and persons supported about health care options. D&S also has systems in place to track health care needs to help confirm that all recommendations and follow up occurs to provide optimal health for people supported.

- (3) Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies. How will this proposal: (1) lower the cost of health care; (2) encourage economic efficiencies; (3) make information available to the community that will encourage a competitive market for health care services?**

Response: This proposal will help lower costs of health care and encourage economic efficiencies. The purpose of constructing the new ICF/IID home and creation of these beds is to accommodate individuals who will be displaced when GVDC closes in June 2016. According to DIDD's "Greene Valley Development Center Closure and Community Transition Plan" "[p]er person costs at GVDC for FY 2015-16 are

budgeted at \$1,228.31 per day or approximately \$448,333 per year. These costs are far higher than the current costs of supporting individuals with intellectual disabilities with similar needs and challenges in community residential settings.”

DIDD has coordinated efforts with private ICF providers to contract privately operated 4-bed ICF/IID homes for individuals with intellectual and developmental disabilities to meet the requested need of current residents of GVDC. When counseling GVDC residents and representatives regarding options following closure of GVDC, the state offered both ICF/IID home options and HSCB services. According to email correspondence from Terry Jordan-Henley dated November 30, 2015, as of November 27, 2015, there were three persons residing at GVDC who have selected HCBS services, and the remaining 65 persons have selected ICF/IID services. According to supporting documentation from Terry Jordan-Henley, approximately 45 GVDC residents are seeking ICF/IID services in Greene County. All current ICF/IID beds in Greene County are full. The need for this project is driven by client choice and request for private ICF/IID services.

- (4) People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers. How will this proposal: (1) help health care providers adhere to professional standards; (2) encourage continued improvement in the quality of care provided by health care workforce?**

Response: As a private ICF/IID provider, D&S must provide the same level of services as large, public institutions like GVDC, including providing a protected residential setting, ongoing evaluation, planning, supervision, coordination and integration of health or rehabilitative services to help each individual function at his greatest ability.

D&S provides all state mandated training to staff. D&S also has additional training that its Training Department has developed to increase staff knowledge base for providing supports and services. D&S develops and maintains quality improvement plans that incorporate self-assessment activities. These activities allow D&S to grow, change, and modify services provided based on findings from self-assessment activities.

- (5) The state should support the development, recruitment, and retention of a sufficient and quality health workforce. How will this proposal: (1) provide employment opportunities for the health and health care workforce; (2) complement the existing Service Area workforce?**

The ICF/IID home will employ health care workforce to staff the home. It is projected that this home will employ 11 Direct Support Professionals and a House Manager. Staffing of the home will come from nurses and direct support professionals in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

Attachment C.1 (Need): (1) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (2) letter from DIDD assigning residents to D&S

- A. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Need (A)(1): The population-based estimate of the total need for ICF/MR facilities is .032 percent of the general population. This estimate is based on the estimate for all mental retardation of 1 percent. Of the 1 percent estimate, 3.2 percent of those are estimated to meet level 1 criteria and be appropriate for ICF/MR services

RESPONSE:

According to the Tennessee Department of Health, the population of Greene County, TN in 2015 is approximately 70,520. According to the attached ICF/IID capacity grid for Greene County provided by Terry Jordan-Henley on November 30, 2015, there are currently 84 ICF/IID beds in the county (outside of GVDC), which are at capacity.

Using the need based estimate of 0.032%, the need in Greene County is approximately 22.5 beds. However, this project is not creating new ICF/IID beds in Greene County but is intended to offer replacement of beds that will no longer be available to current residents of GVDC. As of November 27, 2015, there were 68 persons at GVDC. It is understood that approximately 45 of these residents desire to remain in Greene County. Thus, this calculation showing that Greene County only needs 22.5 ICF/IID beds does not accurately reflect the current need in Greene County because it does not account for population of GVDC and the state's plan to close GVDC and does not reflect the actual needs for ICF/IID beds in the county due to the required closure of GVDC.

Furthermore, according to DIDD in its letter support D&S' proposal to build new 4-bed ICF/IID homes in Greene County, DIDD states: "The need for the development of these remaining ... beds comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. One of these developmental centers has already closed, another is set to close in the fall of 2015, the third is a small specialized developmental center for persons who are court ordered for competency evaluation and training, and GVDC. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community. Therefore, the Department supports this application for a CON to facilitate the closure of and transition of the residents of GVDC." Furthermore, DIDD's letter of support notes that DIDD believes that D&S (and this proposal) meets the three criteria necessary for CON approval of "which are namely need, economic feasibility and contribution to the orderly development of health care."

Attachment C.1.A(1) (Need): (1) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County; (2) Tennessee Department of Health population data; (3) copy of DIDD letter supporting D&S projects.

Need(A)(2): The estimate for total need should be adjusted by the existent ICF/MR beds operating in the area as counted by the Department of Health, the Department of Mental Health and Development Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

RESPONSE:

Based on the requirements of this calculation, it appears that only 22.5 ICF/IID beds are needed in Greene County and there are already 84 licensed ICF/IID beds in the county based on two current providers: DIDD (through ETH) and Comcare. As noted above, this calculation does not accurately reflect the current need in Greene County because it does not account for the state's plan to close GVDC (displacing 68 persons) and does not reflect the actual needs for ICF/IID beds in the county due to the required closure of GVDC. It also does not account for the fact that DIDD also operates 16 homes (East Tennessee Homes – ETH) in Greene County which provide support services for 64 people and which are at capacity.

According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity.

This project is not creating new ICF/IID beds in Greene County but is intended to offer replacement of beds that will no longer be available to current residents of GVDC. As of November 27, 2015, there were 68 persons at GVDC. It is understood that approximately 45 of these residents desire to remain in Greene County. Thus, this calculation showing that Greene County only needs 22.5 ICF/IID beds does not accurately reflect the current need in Greene County because it does not account for the state's provision of services through ETH, the population of GVDC, and the state's plan to close GVDC and does not reflect the actual needs for ICF/IID beds in the county due to the required closure of GVDC.

As evidenced by DIDD's support letter and November 30, 2015 email from Terry Jordan-Henley, this project and D&S' construction of three four-bed ICF/IID homes in Greene County are necessary to meet the needs of the state and transition of GVDC residents.

Attachment C.1.A(2) (Need): (1) DIDD letter of support noting that DIDD believes that D&S (and this proposal) meets the three criteria necessary for CON approval of "which are namely need, economic feasibility and contribution to the orderly development of health care"; (2) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and current providers and capacity.

Service Area(B)(1): The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

RESPONSE:

The geographic service area for the proposed 4-bed ICF/IID home will be in Greene County. The purpose of the home is to provide beds for those residents transitioning out of GVDC and who will remain in Greene County. 1010 Old Stage Road is located approximately 2.3 miles (5 minute drive) from GVDC. Based on information from DIDD, as of November 27, 2015, there were 68 persons supported at GVDC. Three persons have selected

to receive HCBS services following closure of GVDC. As of November 4, 2015, approximately 45 individuals residing at GVDC selected to continue receiving ICF/IID services in Greene County.

D&S has agreed to create 12 beds to accommodate residents leaving (GVDC) with the construction of three four-bed ICF/IID homes in Greene County. DIDD has identified the 12 individuals who will be placed with D&S. Several family members of these individuals live in the Greene County area. Other families live out of town but have chosen for their loved one to remain in Greene County because it has been their loved one's home community.

Service Area(B)(2): The relationship of the social-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low-income groups, and those needing services involuntarily.

RESPONSE:

The residents of the proposed ICF/IID home will be GVDC residents who are transitioned out of GVDC. These residents require ICF/IID services and have special needs that D&S is experienced to handle. The home will be designed with these needs in mind. D&S is equipped to provide services to individuals who qualify for ICF/IID services, including women, minorities, and low-income groups.

According to information received from Terry Jordan-Henley, as of November 4, 2015, for 85 individuals supported at GVDC on August 21, 2015:

- **Age:** 54 persons aged 23-60 years (64%); 31 persons aged 61+ years (36%)
- **Gender:** 48 female (56%); 37 male (44%)
- **Nutritional Status:** 37 require enteral feedings (44%); 17 others have structured dining plans (20%)
- **Mobility Status:** 65 have mobility impairments (76%); 42 of those persons are non-ambulatory (49%); 56 persons use a customized seating system (66%); 51 persons use other alternative positioning equipment (60%)
- **Visual Status:** 28 persons are legally blind (33%)
- **Psychiatric/Behavioral Status:** 28 persons are prescribed psychotropic medication (33%); 13 persons have a Behavior Support Plan or Behavior Support Guidelines (15%)

DIDD has identified the 12 individuals who will be residing in the three new ICF/IID homes that D&S will be operating in Greene County. DIDD has identified eight females and four males. D&S is in the process of planning for the specific medical, habilitative, and behavioral status of persons who will reside at the ICF/IID home.

Attachment C.1.B(2) (Need): Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and demographic of project population.

Relationship to Existing Applicable Plans(C)(1): The proposal's relationship to policy as formulated in state, city, county, and or/regional plans and other documents should be a significant consideration.

RESPONSE:

This ICF/IID home is being constructed to serve the needs of individuals affected by the closure of GVDC. DIDD has expressed support for the project and has specifically stated that these new homes are needed to transition the remaining residents from GVDC and provide for the health and safety needs of these vulnerable persons. The construction of this ICF/IID home is consistent with the state's Exit Plan established pursuant to *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227.

Driving distances and driving times for basic services from the proposed ICF/IID location are as follows:

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Greeneville, TN	Proposed location is within the city limits. Approximately 4.5 miles to central Greeneville (Main Street).	Approximately 10 minutes to central Greeneville (Main Street).
Physician Offices	Laughlin Healthcare Center 801 East McKee St. Greeneville, TN 37743	5.1 miles	Approximately 11 minutes
EMS/Fire Station	Greeneville Fire Station #3 1325 East Andrew Johnson Highway	2.5 miles	Approximately 4 minutes
Day Treatment (if applicable)	Greene county skills 130 Bob Smith Boulevard Greeneville, TN 37745	2.4 miles	Approximately 6 minutes
	Comcare 100 Pennsylvania Ave Greeneville, TN 37745	6.6 miles	Approximately 14 minutes
Greene Valley Development Center		2.3 miles	Approximately 5 minutes

Relationship to Existing Applicable Plans(C)(2): The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.

RESPONSE:

The state's Exit Plan established pursuant to *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227 will result in the closure of GVDC and transition of all GVDC residents into small homes in the community. As of November 27, 2015, there were 68 residents at GVDC. DIDD has expressed an immediate need for new ICF/IID homes in the Greeneville area to serve this population and expects D&S's proposal for three four-bed ICF/IID homes in Greene County to serve this need.

Relationship to Existing Applicable Plans(C)(3): The impact of the proposal on similar services supported by state and federal appropriates should be considered.

RESPONSE:

The State of Tennessee will no longer operate institutions to serve individuals with intellectual and developmental disabilities. The state's Exit Plan established pursuant to *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227 will result in the closure of GVDC and transition of all GVDC residents into small homes in the community. There are currently 68 residents at GVDC. According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity and will not be able to serve individuals leaving GVDC.

DIDD has expressed an immediate need for new ICF/IID homes in the Greeneville area to serve this population and has reached out to providers in the region, including D&S, to help satisfy the state's need for additional ICF services. DIDD expects D&S's proposal for three four-bed ICF/IID homes in Greene County to serve this need and has already identified twelve individuals currently residing at GVDC to occupy D&S proposed ICF/IID homes in Greene County. Once these residents transition in to small ICF/IID homes, the individuals will continue to receive applicable support and funding through TennCare.

Relationship to Existing Applicable Plans(C)(4): The degree of projected financial participation the Medicare and TennCare programs should be considered.

RESPONSE:

Individuals residing in the proposed 4-bed ICF/IID home will be supported by TennCare.

Relationship to Similar Services in the Area (D)(1): The area's trends in occupancy and utilization of similar services should be considered.

RESPONSE:

As of November 27, 2015, there are currently 68 residents at GVDC. According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity and will not be able to serve individuals leaving GVDC. The following chart was provided by DIDD to illustrate current ICF/IID services and occupancy in the area:

	2012	2012	2012	2013	2013	2013	2014	2014	2014
Facility/Address	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.	Lic. Beds	ADC	% Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%

EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES D	4	3.8	94.0%	4	4	100.0%	4	3.7	91.8%
EAST TENNESSEE HOMES E	4	3.8	96.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
EAST TENNESSEE HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	99.6%	4	4	100.0%	4	4	100.0%

Attachment C.1.D(1) (Need): (1) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Relationship to Similar Services in the Area (D)(2): Accessibility to specific special need groups should be an important factor.

RESPONSE:

The proposed ICF/IID home will be constructed with the special needs of its residents in mind. The home will have one-story with 4 bedrooms and 2 baths for residents. The bathrooms and bedrooms will be capable of meeting the special needs of the residents, including large doorways for easy access, bathrooms that meet needs by using walk-in showers and/or shower trollies, and an accessible vehicle for use by the home. The home will also provide laundry and kitchen/dining facilities, two living room areas, and two covered porches. For the staff, the home will include office, storage, medical storage, and staff bathroom.

- B. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

RESPONSE:

Not applicable. This is not an application for a change of site.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

RESPONSE:

This project is consistent with D&S's current business operations and plans to grow and expand services in the Tennessee market. As mentioned previously, this application is one of three that D&S is submitting for the construction of new 4-bed ICF/IID homes in Greene County. Opening a total of three new four-bed ICF/IID home will permit D&S to provide ICF/IID services to an additional 12 people who will be in need upon closure of GVDC in June 2016.

D&S currently provides a full array of community-based services to meet the needs of the individuals they serve – from residential homes and in-home supports to day habilitation programs and vocational training, D&S programs and services are specially designed to help individuals with intellectual and developmental disabilities realize a life of independence and self-determination. D&S currently provides services in Texas, Tennessee (Middle, East, and West), and Kentucky. D&S manages over 330 residential homes in neighborhoods throughout Texas, Tennessee, and Kentucky.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

RESPONSE:

The proposed service area is Greene County, TN. D&S is seeking to open a total of three 4-bed ICF/IID homes in Greene County to serve the needs of the residents leaving GVDC. GVDC is currently located in Greene County. Thus, the proposed service area is appropriate to provide a smooth transition for long-time residents of GVDC who currently reside in Greene County and whose family wishes the resident to remain in Greene County. Based on information received from Terry Jordan-Henley, Deputy Regional Director for DIDD East Tennessee Regional Office, approximately 45 individuals residing at GVDC wish to remain in Greene County for the provision of ICF/IID services.

D&S has agreed to create 12 beds to accommodate residents leaving (GVDC) with the construction of three four-bed ICF/IID homes in Greene County. DIDD has identified the 12 individuals who will be placed with D&S. Several family members of these individuals live in the Greene County area. Other families live out of town but have chosen for their loved one to remain in Greene County because it has been their loved one's home community.

Attachment C.3 (Need): (1) county-level map; (2) copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE:

In Tennessee, individuals seeking DIDD services must have a primary diagnosis of intellectual disabilities with the onset prior to age 18. Adults with developmental disabilities who need ICF/IID generally range in age from 18 – 70 years old. D&S is equipped to provide services to individuals within this age range who qualify for ICF/IID services, including women, minorities, and low-income groups.

	<i>Greene County (Tennessee)</i>	<i>Tennessee</i>
CY (2015), Total Population (Tennessee Department of Health)	70,520	6,649,438
PY (2019), Total Population (Tennessee Department of Health)	71,989	6,894,997
Total Pop. % Change	2.08%	3.69%
TennCare Enrollees	15,556	1,469,885
Median Household Income (US Census, 2014 estimates)	\$35,545	\$44,298
Population % Below Poverty Level	19.6%	18.3%

2015 Total Population & 2019 Total Population (http://tn.gov/assets/entities/health/attachments/Population_Projections_2010-20.pdf); Tenn Care Enrollees – October 2015 Report (https://www.tn.gov/assets/entities/tenncare/attachments/fte_201510.pdf); Median Household Income & Population Percentage Below Poverty (<http://www.census.gov/quickfacts/table/PST045214/00>)

The proposal will serve residents currently at GVDC. Based on information provided by DIDD, the age of such population is 54 persons aged 23-60 years (64%) and 31 persons aged 61+ years (36%). Gender of the residents is 48 female (56%) and 37 male (44%).

DIDD has already identified the twelve individuals currently residing at GVDC who would transition into a proposed D&S ICF/IID home in Greene County. Of these individuals, eight are female and four are male.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE:

The purpose of constructing the new ICF/IID home and creation of these beds is to accommodate individuals who will be displaced when GVDC closes. The state has expressed a need for newly constructed homes due to closure of GVDC and displacement of up to 68 individuals at that time.

Most of the individuals currently residing in GVDC are considered to have a profound level of intellectual disability and have a number of special needs, including:

- **Nutritional Status:** 37 require enteral feedings (44%); 17 others have structured dining plans (20%)
- **Mobility Status:** 65 have mobility impairments (76%); 42 of those persons are non-ambulatory (49%); 56 persons use a customized seating system (66%); 51 persons use other alternative positioning equipment (60%)
- **Visual Status:** 28 persons are legally blind (33%)
- **Psychiatric/Behavioral Status:** 28 persons are prescribed psychotropic medication (33%); 13 persons have a Behavior Support Plan or Behavior Support Guidelines (15%)

D&S is experienced in providing such services to meet the needs of this vulnerable population, including those who are women, minorities, and low-income groups. D&S' plans for construction and operation of the ICF/IID home will be consistent with the physical and medical needs of its residents. DIDD has identified the 12 individuals who will be residing in the three new ICF/IID homes that D&S will be operating in Greene County. DIDD has identified eight females and four males. D&S is in the process of planning for the specific medical, habilitative, and behavioral status of persons who have been identified and will reside at the ICF/IID home.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

RESPONSE:

According to email correspondence dated November 30, 2015 and supporting documentation from Terry Jordan-Henley, aside from the current services provided at GVDC, Comcare (20 beds) and DIDD's ETH (64 beds) are the only ICF/IID providers in Greene County. In total, these two providers provide approximately 84 ICF/IID beds, all of which are currently at capacity and will not be able to accommodate those individuals leaving GVDC. Occupancy trends for such home are provided under the Need Section of this application, Section (D)(1), (occupancy relationship to similar services in the area).

DIDD has represented that the following providers are planned for meeting the GVDC residents' needs for ICF/IID beds in Greene County upon closure of GVDC: D&S (12 beds, including this project); Open Arms (12 beds), and Sunrise (8 beds). DIDD has stated that this listing represents sufficient capacity for persons served at GVDC who have indicated a preference for ICF/IID services in Greene County with no excess capacity. Along with this CON application, D&S Residential Services is also submitting two additional CON applications seeking approval to establish two additional four-bed ICF homes in Greene County.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE:

Based on D&S' current ICF/IID home occupancies in other parts of Tennessee:

- September 2013-April 2015: 100% occupancy rate
- May 2015: 99% occupancy rate
- June 2015: 94% occupancy rate
- July 2015: 94% occupancy rate
- August 2015: 92% occupancy rate

- September 2015: 94% occupancy rate
- October 2015: 92% occupancy rate
- November 2015: 91% occupancy rate

D&S Residential Services expects the proposed four-bed home to be occupied upon completion with residents transferred from GVDC and for the proposed ICF/IID home to operate at 100% occupancy. DIDD has identified the 12 individuals who will be residing in the three new ICF/IID homes that D&S will be operating in Greene County. DIDD has identified eight females and four males. D&S Residential Services expects all four beds in this home to be taken by former residents of GVDC. In the event of a subsequent vacancy, D&S will contact DIDD for placement of a new individual in need of ICF/IID services.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

RESPONSE:

Please see attached Project Costs Chart.

According to DIDD in its letter support D&S' proposal to build new 4-bed ICF/IID homes in Greene County, DIDD states: "Transitioning the residents from GVDC, a large institution, to four (4) person ICF/IIDs in the community is more economically feasible for the State, which pays for these services. The census at GVDC at the time of the announcement of closure was 101, but at its peak, GVDC supported 1100 residents. Operating a large developmental center is inefficient and does not produce economy of scale due to the large overhead associated with utilities and maintenance costs on older inefficient buildings that operate on a boiler system. The private operation of smaller four (4) person ICF/IIDs is much more efficient and economically feasible for the state."

Based on review of CON applications relating to development of ICF/IID homes to meet the needs of DIDD's Exit Plan relating to GVDC and that have already been deemed complete, the cost of this project, including the estimate cost per square foot, is consistent with similar ICF/IID projects being developed in the area.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Attachment C.1 (Economic Feasibility): (1) Documentation from Scioto Properties describing the estimated costs of the project.

PROJECT COSTS CHART

SUPPLEMENTAL #1

December 23, 2015

1:35 pm

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		0
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		18,000
3. Acquisition of Site		0
4. Preparation of Site		0
5. Construction Costs		0
6. Contingency Fund		0
7. Fixed Equipment (Not included in Construction Contract)		0
8. Moveable Equipment (List all equipment over \$50,000)		0
9. Other (Specify) _____		0
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)		920,696.34
2. Building only		0
3. Land only		0
4. Equipment (Specify) <u>Furnishings</u>		25,981
5. Other (Specify) <u>Vehicle</u>		47,775
C. Financing Costs and Fees:		
1. Interim Financing		0
2. Underwriting Costs		0
3. Reserve for One Year's Debt Service		0
4. Other (Specify) _____		0
D. Estimated Project Cost (A+B+C)		
		1,012,451
E. CON Filing Fee		3,000
F. Total Estimated Project Cost (D+E)		
TOTAL		1,015,451

December 30, 2015

8:21 am

2. Identify the funding sources for this project.⁴⁸

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding **MUST** be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

- A. ☐ Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- B. ☐ Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- C. ☐ General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- D. ☐ Grants--Notification of intent form for grant application or notice of grant award; or
- E. ☐ Cash Reserves--Appropriate documentation from Chief Financial Officer.
- F. ☒ Other—Identify and document funding from all other sources. **Attachment C (Economic Feasibility-2)**: Information regarding D&S' line of credit.

2. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE:

Based on review of CON applications relating to development of ICF/IID homes to meet the needs of DIDD's Exit Plan relating to GVDC and that have already been deemed complete by the Health Services and Development Agency, the cost of this project, including the estimated cost per square foot, is consistent with similar ICF/IID projects being developed in the area. D&S estimated cost per square foot is based on:

Arch	13,333
Civil Engineering	8,625
Survey	2,800
GeoTech	2,450
Builders Risk	3,500
Land	65,000
Site Work	150,758
Building	594,685
Project Total	841,151
Price Per SQFT based on Project Total (3500 SF)	240.33
Price Per SQFT – based on Building Costs, which include survey and GeoTech (3500 SF)	171.41

December 23, 2015

4. Complete Historical and Projected Data Charts on the following two pages ~~1:35 pm~~ *not modify the Charts provided or submit Chart substitutions!* Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE:

The requested Historical and Projected Data Charts are attached. Because this is a new home, there is no historical data on this project. The data provided reflects D&S' existing operations.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE:

The projects' Average Gross charge is \$693.81. This is Operating Revenue only (no grant revenues or bad debt) divided by the unit base. The Average Deduction from Operating Revenue (bad debt plus unreimbursed Advancement) divided by the unit base is \$0.00 for the first year of operations. The Average Net charges is \$693.81 (Average Gross charge minus the Average Deduction from Operating Revenue).

HISTORICAL DATA CHART

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2012	Year 2013	Year 2014
A. Utilization Data (Specify unit of measure)			
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 63,933,482	\$ 83,729,254	\$ 114,681,901
2. Outpatient Services	1,133,956	1,924,532	3,657,427
3. Emergency Services			
4. Other Operating Revenue (Specify) _____			
Gross Operating Revenue	\$ 65,067,438	\$ 85,653,786	\$ 118,339,328
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ 390,854	\$ 1,324,754
2. Provision for Charity Care			
3. Provisions for Bad Debt	160,000	160,000	170,000
Total Deductions	\$ 160,000	\$ 550,854	\$ 1,494,754
NET OPERATING REVENUE	\$ 64,907,438	\$ 85,102,932	\$ 116,844,574
D. Operating Expenses			
1. Salaries and Wages	\$ 45,271,439	\$ 61,649,358	\$ 86,133,591
2. Physician's Salaries and Wages			
3. Supplies	1,812,433	2,072,580	2,503,973
4. Taxes	981,824	1,031,085	1,417,059
5. Depreciation	872,111	1,137,906	1,427,729
6. Rent	3,010,430	3,649,270	4,786,251
7. Interest, other than Capital	1,450,889	997,002	1,207,704
8. Management Fees:			
a. Fees to Affiliates	336,000	449,097	625,523
b. Fees to Non-Affiliates			
9. Other Expenses (Specify) <u>see below</u>	9,101,773	12,314,896	17,384,031
Total Operating Expenses	\$ 62,836,899	\$ 83,301,194	\$ 115,485,861
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ 2,070,539	\$ 1,801,738	\$ 1,358,713
F. Capital Expenditures			
1. Retirement of Principal	\$ 3,142	\$ (19,506)	\$ 39,636
2. Interest	51,753	84,885	167,250
Total Capital Expenditures	\$ 54,895	\$ 65,379	\$ 206,886
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ 2,015,644	\$ 1,736,359	\$ 1,151,827
Other Expenses (D9)	2012	2013	2014
Administrative	2,586,658	4,007,353	6,773,752
Employee Benefit Expense	1,804,350	2,643,131	3,309,106
Other Operating Expenses	4,710,765	5,664,412	7,301,172
Total Other Expenses	9,101,773	12,314,896	17,384,031

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PROJECTED DATA CHART (1010 Old Stage Rd)
December 30, 2015
8:21 am

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure)	<u>1,460</u>	<u>1,460</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$ 986,918</u>	<u>\$ 1,007,948</u>
2. Outpatient Services	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	<u>\$ 986,918</u>	<u>\$ 1,007,948</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$</u>	<u>\$</u>
2. Provision for Charity Care	<u> </u>	<u> </u>
3. Provisions for Bad Debt	<u> </u>	<u> </u>
Total Deductions	<u>\$</u>	<u>\$</u>
NET OPERATING REVENUE	<u>\$ 986,918</u>	<u>\$ 1,007,948</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$ 439,846</u>	<u>\$ 453,041</u>
2. Physician's Salaries and Wages	<u> </u>	<u> </u>
3. Supplies	<u>38,700</u>	<u>38,700</u>
4. Taxes	<u>61,982</u>	<u>61,982</u>
5. Depreciation	<u>15,000</u>	<u>15,000</u>
6. Rent	<u>82,051</u>	<u>83,692</u>
7. Interest, other than Capital	<u> </u>	<u> </u>
8. Management Fees:		
a. Fees to Affiliates	<u> </u>	<u> </u>
b. Fees to Non-Affiliates	<u> </u>	<u> </u>
9. Other Expenses (Specify) <u>See detailed description in response</u>	<u>349,339</u>	<u>355,533</u>
Total Operating Expenses	<u>\$ 986,918</u>	<u>\$ 1,007,948</u>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>
NET OPERATING INCOME (LOSS)	<u>\$ 0</u>	<u>\$ 0</u>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>0</u>	<u>0</u>
Total Capital Expenditures	<u>\$ 0</u>	<u>\$ 0</u>
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	<u>0</u>	<u>0</u>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE:

Because this project involves the construction of a new facility, there is no current charge schedule. D&S' proposed charge schedule is 693.81 per day for the first year of operations. D&S does not anticipate a rate adjustment. As the Projected Data Chart indicates, this project is intended to run on a break-even basis. The proposed charges were developed with this goal in mind.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE:

D&S's proposed charges of 693.81 per day are consistent with other facilities in the area. This amount is comparable to rates of current public and private ICF/IIDs operating in the county as well as with the rates proposed for similar ICF/IID four-bed homes whose Certificate of Need applications have recently been deemed completed by HSDA.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE:

As the Projected Data Chart indicates, this project is intended to run on a break-even basis. Proposed charges were developed with this goal in mind.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE:

As the Projected Data Chart indicates, this project basically will be run on a break-even basis and is expected to achieve financial viability within its first year of operation.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE:

All of the home's residents will be TennCare (Medicaid) recipients. The project is intended to provide specialized services to Medicaid recipients in need of ICF level care.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE:

Attachment C.10 (Economic Feasibility): (1) D&S' financial information

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - (a) A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.
 - (b) The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE:

The purpose of this project is to support those individuals transitioning out of GVDC into smaller homes. According to DIDD's letter supporting this project, "transitioning the residents from GVDC, a large institution, to four (4) person ICF/IIDs in the community is more economically feasible for the State, which pays for these services. The census at GVDC at the time of the announcement of closure was 101, but at its peak, GVDC supported 1100 residents. Operating a large developmental center is inefficient and does not produce economy of scale due to the large overhead associated with utilities and maintenance costs on older inefficient buildings that operate on a boiler system. The private operation of smaller four (4) person ICF/IIDs is much more efficient and economically feasible for the state."

It is more economically feasible to construct a new home that meets the requirements of an ICF/IID home and is suitable for the needs of its residents than to remodel or expand an existing structure that was not originally built for ICF/IID purposes.

Pursuant to the state's court-ordered Exit Plan, these homes cannot exceed four beds per home. It is most efficient to construct four bed homes rather than homes with fewer beds.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

RESPONSE:

According to DIDD's letter supporting D&S' proposal to build new 4-bed ICF/IID homes in Greene County, DIDD states: "this CON and development of four person ICF/IID beds meets the criteria of contribution to the orderly development of health care. As a result of the Exit Plan in the nineteen (19) years old lawsuit [*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et al.* No. 3:95-1227]. . . . , these homes and beds are needed to transition the remaining residences from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care. This application has been submitted by a current provider of services in Tennessee for persons with intellectual disabilities, therefore they have a proven track record of providing these services within both state and federal regulations which includes the availability and accessibility of human resources, prior contractual relationships with both the Department and TennCare and an understanding of the both the intellectual disability population and intellectual disability system in Tennessee."

As previously mentioned, D&S currently provides a full array of community-based services to meet the needs of the individuals they serve – from residential homes and in-home supports to day habilitation programs and vocational training, D&S programs and services are specially designed to help individuals with intellectual and developmental disabilities realize a life of independence and self-determination. D&S currently provides services in Texas, Tennessee (Middle, East, and West), and Kentucky. D&S manages over 330 residential homes in neighborhoods throughout Texas, Tennessee, and Kentucky. In Tennessee, D&S operates 140 homes and, between individuals supported in their residential homes, Family Model homes, and their own home receiving Personal Assistance supports, D&S currently provides services to over 500 individuals in Tennessee. D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License #L000000014120); (2) James Road facility (License #L000000014121); (3) Egypt Central facility (License #L000000014119); and (4) Darolyn Street facility (License #L000000014122). D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (#L000000015533, Knoxville / 7417 Kingston Pike; License #L000000015532 / 269 Cusick Street) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (License #PSS0000000203).

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

For managed care organizations, D&S currently contracts with UnitedHealthcare Community Plan. D&S is in the process of developing contracts with Amerigroup Community Care and BlueCare.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE:

The construction of a new ICF/IID home to serve the residents transitioning from GVDC has a positive impact on the state's health care system. The transition is legally required pursuant to the Exit Plan resulting from *People First of Tennessee et. al. v. The Clover Bottom Developmental Center et al.* No. 3:95-1227. Successful closure of GVDC and transition of residents into smaller ICF/IID homes will result in dismissal of the law suit. The transition will also achieve cost efficiencies resulting from closure of a state-operated large institution and focusing care on smaller group homes. DIDD has asked providers in the state, like D&S, to construct these homes for GVDC residents to help the state meet its requirements under the Exit Plan. Other ICF providers in the region are also seeking to open additional ICF/IID homes in the area to accommodate GVDC residents. These homes are needed, as well as those D&S is proposing to open, in order to meet the state's needs to complete its Exit Plan.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE:

The home will have a dedicated House Manager that works to provide a comfortable living environment, work on the goals and objectives of each resident daily, and integrate the residents in their local communities. D&S employs nurses and direct support staff to provide care and contracts with therapy personnel needed to support individuals in physical, occupational, speech, and nutrition therapy. D&S anticipates the following staffing needs for this project:

House Manager: 1 FTE

Direct Support Staff: 11 FTE

D&S homes in Greeneville will also share a QIDP (Qualified Intellectual Disabilities Professional), QIDP Assistant, and RN with the two other proposed homes.

Based on data from the Tennessee Department of Labor & Workforce Development, the 2014 estimated median annual salary data for the following clinical staff positions in Tennessee are:

Nursing Assistants: \$22,267

LPN: \$36,000

RN: \$56,370

D&S proposes to offer the following salaries:

Direct Support Staff: \$14/hour (approximately \$29,000/year)

LPN: \$18/hour (approximately \$37,000/year)

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of

Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Staffing needs will be handled by D&S's regional office located in East Tennessee. Staffing of the home will come from qualified individuals in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual, and behavioral needs.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

RESPONSE:

In Tennessee, D&S currently operates 140 homes and, between individuals supported in their residential homes, Family Model homes, and their own home receiving Personal Assistance supports, D&S currently provides services to over 500 individuals in Tennessee. D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License # L000000014120); (2) James Road facility (License # L000000014121); (3) Egypt Central facility (License # L000000014119); and (4) Darolyn Street facility (License # L000000014122). These ICF/IID homes also have the following TennCare contracts: (1) Old Allen Road facility (Contract # 7447123); (2) James Road facility (Contract # 7447124); (3) Egypt Central facility (Contract # 7447211); and (4) Darolyn Street facility (Contract # 7447142).

D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (#L000000015533, Knoxville / 7417 Kingston Pike; #L000000015532 / 269 Cusick Street) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

Based on this experience, D&S is familiar with and understands licensing certification required by the State of Tennessee for medical/clinical staff, including regulations concerning physician supervisions, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Not applicable.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

RESPONSE:

D&S currently operates the following four ICF/IID homes: (1) Old Allen Road facility (License # L000000014120); (2) James Road facility (License # L000000014121); (3) Egypt Central facility (License # L000000014119); and (4) Darolyn Street facility (License # L000000014122). These ICF/IID homes also have the following TennCare contracts: (1) Old Allen Road facility (Contract # 7447123); (2) James Road facility (Contract # 7447124); (3) Egypt Central facility (Contract # 7447211); and (4) Darolyn Street facility (Contract # 7447142). D&S is also licensed by DIDD for the Provision of Adult Day Habilitation, Institutional Habilitation, Placement Services, Respite Care Services, Supported Living, Semi-Independent Living, and Personal Support Services to individuals with intellectual and developmental disabilities. D&S is licensed by the State of Tennessee Department of Mental Health and Substance Abuse License to operate as a personal support services agency (#L000000015533, Knoxville / 7417 Kingston Pike; #L000000015532 / 269 Cusick Street) and by the State of Tennessee Department of Health Board for Licensing Health Care Facilities License to operate a Personal Support Services Facility (#PSS0000000203).

D&S is familiar with Medicaid and Medicaid requirements concerning ICF/IIDs.

The proposed ICF/IID home is expected to obtain a facility license from DIDD.

Accreditation:

RESPONSE: Not applicable.

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: This proposal is for construction of a new ICF/IID home and is not currently licensed.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: This proposal is for construction of a new ICF/IID home and is not currently licensed. D&S is providing copies of its most recent license certification and inspections reports and plans of correction regarding its current four ICF/IID facilities in Tennessee.

Attachment C.7(d) (Contribution to the Orderly Development of Care): Most recent Tennessee ICF/IID inspections and plans of correction.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

None.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

None.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RESPONSE:

If this proposal is approved, D&S will provide the Tennessee Health Services and Development Agency and/or reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

PROJECT COMPLETION FORECAST CHART

December 23, 2015

1:35 pm

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): March 23, 2016

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>completed</u>	<u>10/12/2015</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<u>NA</u>	<u>1/2016</u>
3. <u>Construction contract signed</u>	<u>NA</u>	<u>1/2016</u>
4. <u>Building permit secured</u>	<u>NA</u>	<u>1/2016</u>
5. <u>Site preparation completed</u>	<u>60 days</u>	<u>5/2016</u>
6. <u>Building construction commenced</u>	<u>60 days</u>	<u>5/2016</u>
7. <u>Construction 40% complete</u>	<u>120 days</u>	<u>7/2016</u>
8. <u>Construction 80% complete</u>	<u>180 days</u>	<u>9/2016</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>210</u>	<u>10/2016</u>
10. <u>*Issuance of license</u>	<u>210</u>	<u>10/2016</u>
11. <u>*Initiation of service</u>	<u>210 days</u>	<u>10/2016</u>
12. <u>Final Architectural Certification of Payment</u>	<u>210 days</u>	<u>10/2016</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>210 days</u>	<u>10/2016</u>

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Proof of Publication is attached.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

Project Completion Forecast Chart is attached. Please note that the anticipated dates provided in this chart are contingent upon zoning and planning approvals.

2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004

Revised 02/01/06

Previous Forms are obsolete

62
PROJECT COMPLETION FORECAST CHART
December 30, 2015
8:21 am

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): March 23, 2016

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>completed</u>	<u>10/12/2015</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<u>NA</u>	<u>1/2016</u>
3. <u>Construction contract signed</u>	<u>NA</u>	<u>3/2016</u>
4. <u>Building permit secured</u>	<u>15 days</u>	<u>4/2016</u>
5. <u>Site preparation completed</u>	<u>60 days</u>	<u>5/2016</u>
6. <u>Building construction commenced</u>	<u>60 days</u>	<u>5/2016</u>
7. <u>Construction 40% complete</u>	<u>120 days</u>	<u>7/2016</u>
8. <u>Construction 80% complete</u>	<u>180 days</u>	<u>9/2016</u>
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12. <u>Final Architectural Certification of Payment</u>	<u>210 days</u>	<u>10/2016</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>210 days</u>	<u>10/2016</u>

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

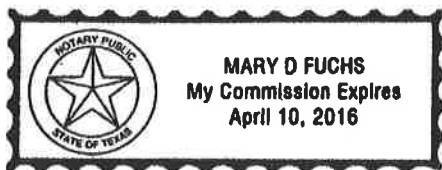
AFFIDAVITSTATE OF TexasCOUNTY OF Travis

Mickey Atkins, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.


 SIGNATURE/TITLE

Sworn to and subscribed before me this 9 day of December, 2015 a Notary
 (Month) (Year)

Public in and for the County/State of Travis Texas.



Mary D. Fuchs
 NOTARY PUBLIC

My commission expires 4/10, 2016.
 (Month/Day) (Year)

Woffenden, Tammy

From: Terry Jordan-Henley <Terry.Jordan-Henley@tn.gov>
Sent: Monday, November 30, 2015 11:40 AM
To: Woffenden, Tammy
Cc: Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com); Marla Stair-Wood; John Craven
Subject: RE: Inquiry regarding ICF/IID need in Greene County
Attachments: Fundamental CON Questions 11.04.15.docx; ICF-IID Utilization Only Greene County 2012-13-14 REDACTED.xlsx

Tammy, specific answers follow in bold after your questions. I'm also attaching two items, an information memo which you likely have already seen ("Fundamental CON Questions 11.04.15"), and a redacted grid showing ICF/IID utilization in Greene County for 2012, 2013 and 2014 ("ICF-IID Utilization Only Greene County 2012-13-14 REDACTED").

Let me know if you need any additional information. And please let me know once the CONs for your homes have been submitted, as well as the CON application numbers once they are generated. Thanks, tjh

Department of
 Intellectual &
 Developmental Disabilities

Terry Jordan-Henley | Deputy Regional Director
 East Tennessee Regional Office
 Department of Intellectual and Developmental Disabilities
 520 W. Summit Hill Dr, Suite 201
 Knoxville, TN 37902
 Ofc. 865-594-9302, Cell 865-313-1264
terry.jordan-henley@tn.gov
tn.gov/didd
[@didd_tn](https://twitter.com/didd_tn)

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From: Woffenden, Tammy [mailto:twoffenden@lockelord.com]
Sent: Friday, November 27, 2015 2:37 PM
To: Terry Jordan-Henley
Cc: Woffenden, Tammy; Rangel, Jennifer L.; Robn Traugott (RTraugott@dscommunity.com)
Subject: Inquiry regarding ICF/IID need in Greene County

*** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. - STS-Security***

Good afternoon (and Happy Thanksgiving).

I saw that back in September you had provided some helpful information to Sunrise Community of Tennessee relating to their Certificate of Need to build new ICF/IID homes in the Greene County area to help transition residents of Greene Valley Development Center into smaller home settings. I am working with D&S Residential Services on their CON

applications for three new 4-bed ICF/IID homes in the Greene County area. I am hoping you might be able to help me with obtaining some information regarding the current need in the service area.

- (1) How many residents are currently at GVDC? I believe the last number I saw was around 84 residents who will be leaving GVDC. Is this still the correct number? As of 11/27/15, there were 68 persons supported at GVDC.
- (2) How many ICF/IID beds are currently in Greene County? It is my understanding that Comvest and the state currently have ICF/IID beds in the state but that they are currently at capacity and not available to GVDC residents. Do you know the total number of beds currently in the county and whether these beds are all occupied? To my knowledge, all existing beds in the Greene County area are occupied. A grid is attached showing utilization for 2012, 2013 and 2014 specific to Greene County.
- (3) Do you know approximately how many new ICF/IID beds are needed to meet needs of GVDC residents upon GVDC closure? It is my understanding that a significant number of legal representatives of residents at GVDC have selected ICF/IID services over HCBS services. Can you confirm the number of residents who are seeking ICF/IID services. As of 11/27/15, there are three persons who have selected HCBS services. The remaining 65 persons have selected ICF/IID services.
- (4) What other ICF homes are planned to come into Greene County to accommodate GVDC residents? Based on your previous email correspondence, the proposed homes for ICF/IID in the Greene County are: D&S (12 beds), Open Arms (12 beds), and Sunrise (8 beds). Is this still an accurate list for those new homes to be built to accommodate the GVDC residents wishing to stay in the Greene County area? This is still an accurate listing, and represents sufficient capacity for all persons served at GVDC as of 11/27/15 who have indicated a preference for ICF/IID services in Greene County with no excess capacity.

Thank you very much. I greatly appreciate your assistance with these questions. -Tammy

Tammy Ward Woffenden

Ph.D.

1000 N. 1st St.

Greeneville, TN 37601

Phone: 423-639-1101

Email: tammy.woffenden@lockelord.com

www.lockelord.com

Locke Lord LLP and Edwards Wildman Palmer LLP merged effective January 10, 2015. For more information visit www.lockelord.com



Atlanta | Austin | Boston | Chicago | Dallas | Hartford | Hong Kong | Houston | Istanbul | London | Los Angeles | Miami | Morristown | New Orleans | New York | Orange County | Providence | Sacramento | San Francisco | Stamford | Tokyo | Washington DC | West Palm Beach

Locke Lord LLP and Edwards Wildman Palmer LLP merged effective January 10, 2015. For more information visit www.lockelord.com

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East Tennessee
Regional Office

November 4, 2015

RE ICF/IID Expansions and CON Development:

The following information may be requested regarding development of your ICF/IID expansion homes in the East Tennessee region. Information is provided generally for all persons supported at Greene Valley Developmental Center and is broken down by the three primary development areas: Hamilton County, Knox County, Roane County and Greene County where appropriate.

How many persons/families/legal representatives chose ICF/IID services over HCBS Waiver services through the Freedom of Choice process? As of 8/21/15, a total of 10 legal representatives for persons supported by GVDC had selected HCBS services; the legal representatives for the remaining 75 persons had selected ICF/IID services.

What geographic areas were selected by the persons supported for ICF/IID services? Of the 75 persons whose legal representatives selected ICF/IID services, the breakdown is as follows:

Hamilton County: 8

Knox County: 16

Roane County: 6

Greene County: 45

Are all existing ICF/IID beds in the geographic areas currently full? Please reference a separate grid showing ICF/IID utilization for the appropriate geographic area for 2012, 2013 and 2014. Generally, the answer to that question is yes for all geographic areas.

What providers currently operate ICF/IID services in the geographic areas? Per area, those providers are:

Hamilton County: Open Arms Care, Orange Grove Center.

Knox County: Open Arms Care.

Roane County: Michael Dunn Center.

Greene County: Comcare, DIDD East Tennessee Homes.

A separate grid shows ICF/IID utilization for the appropriate geographic areas for 2012, 2013 and 2014. Specific site information is redacted.

What other ICF/IID sites are planned to come on line to accommodate GVDC residents? For each geographic area, planned ICF/IID development is as follows:

Hamilton County: 2 sites (8 beds)

Knox County: 4 sites (16 beds)

Roane County: 2 sites (8 beds)

Greene County: 8 sites (32 beds)

What are the general demographics and/or special needs of persons exiting GVDC? Demographic information is not available specific to geographic areas. However, the demographic information generally applies to all geographic areas in which services have been selected. Those demographics are as follows for the 85 persons supported at GVDC on 8/21/15:

Age: 54 persons aged 23-60 years (64%); 31 persons aged 61+ years (36%).

Gender: 48 female (56%); 37 male (44%).



Nutritional Status: 37 require enteral feedings (44%); 17 others have structured dining plans (20%).
Mobility Status: 65 have mobility impairments (76%); 42 of those persons are non-ambulatory (49%).
56 persons use a customized seating system (66%). 51 persons use other alternative positioning equipment (60%).
Visual Status: 28 persons are legally blind (33%).
Psychiatric/Behavioral Status: 28 persons are prescribed psychotropic medication (33%); 13 persons have a Behavior Support Plan or Behavior Support Guidelines (15%).

Please let me know if you require any additional information for the development of your Certificate of Need.

Respectfully,

Terry Jordan-Henley
Deputy Regional Director, East

c: John Craven, East Regional Director
ICF/IID Expansion Development File per Provider

Facility/Address	2012 Lic. Beds	2012 ADC	2012 % Occup.	2013 Lic. Beds	2013 ADC	2013 % Occup.	2014 Lic. Beds	2014 ADC	2014 % Occup.
COMCARE A	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE B	4	4	100.0%	4	4	100.0%	4	4	100.0%
COMCARE G	4	4	100.0%	4	3.8	96.2%	4	3.6	91.3%
COMCARE H	4	4	100.0%	4	4	100.0%	4	3.9	98.4%
COMCARE I	4	3.9	98.4%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES A	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES B	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES C	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES D	4	3.8	94.0%	4	4	100.0%	4	3.7	91.8%
EAST TENNESSEE HOMES E	4	3.8	96.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES F	4	3.4	84.4%	4	4	100.0%	4	3.7	93.8%
EAST TENNESSEE HOMES G	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES H	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES I	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES J	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES K	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES L	4	4	100.0%	4	3.8	95.8%	4	4	100.0%
EAST TENNESSEE HOMES M	4	4	100.0%	4	3.9	97.9%	4	4	100.0%
EAST TENNESSEE HOMES N	4	4	100.0%	4	4	100.0%	4	4	100.0%
EAST TENNESSEE HOMES O	4	3.9	98.7%	4	3.8	96.0%	4	4	100.0%
EAST TENNESSEE HOMES P	4	4	98.6%	4	4	100.0%	4	4	100.0%

Attachment B.II.A (Project Description/Construction)

Plat showing lot where home will be constructed

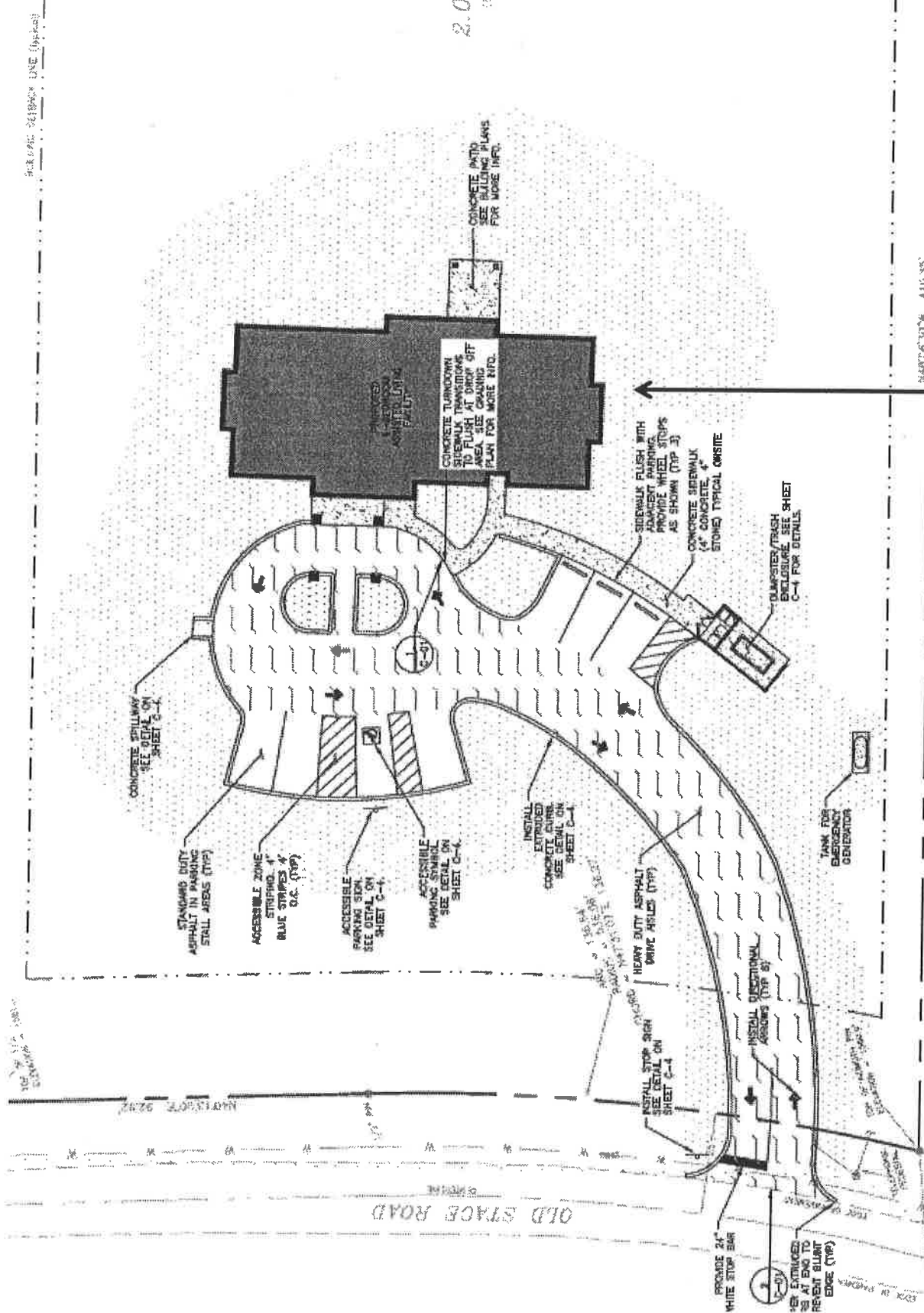
Floor Plan

Correspondence from Scioto Properties (November 23, 2015) discussing project details and team

71

December 23, 2015
1:35 pm

Proposed 4-bedroom ICF home to be located at 1010 Old Stage Rd, Greeneville, TN

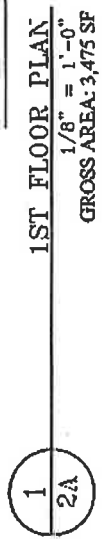


Attachment B.IV (Project Description/Floor Plan)

Floor Plan

1000

2A
Peradi +



Attachment C.1 (General Criteria / Need)

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Letter from DIDD assigning residents to D&S

Intellectual &
Developmental Disabilities

September 1, 2015

Lorle Copas, Executive Director
D&S Residential Services, LP
520 Justis Drive
Greeneville, TN 37745

Dear Ms. Copas:

The following provides a list of people currently supported at GVDC whose conservators selected D&S Residential Services, LP to provide ICF/IID supports and whom you indicated a willingness to support. The home compositions were determined based on valuable input from GVDC staff considering friendships, current service and support needs. Please review the lists and confirm in writing your intent to develop ICF/IID supports and services for these specific people by the close of business September 4, 2015.

Home #1:

Home #2:

Home #3:



It is important to confirm and solidify your plans for the development of homes for individuals currently residing at GVDC and final home compositions as soon as possible. Once confirmed, our intent is not to change the composition of housing arrangements unless absolutely necessary and any change must be communicated to my office immediately for approval. Please provide the status of your CON process and the addresses where the four-person ICF/IID homes will be developed. I believe people and their families will appreciate knowing where they will live and with whom.

If your agency agreed to provide supports to any person not on the above list, please contact John Craven, Regional Director at 865-594-9301 or Terry-Jordan-Henley, Deputy Regional Director at 865-594-9302. DIDD appreciates your commitment and efforts on behalf of people supported by GVDC.

Respectfully,

John Craven
Regional Director, East

C: Mickey Atkins, President and CEO
Debbie Payne, DIDD Commissioner
Jordan Allen, DIDD Deputy Commissioner
Theresa Sloan, DIDD Legal Counsel
Jon Lakey, Attorney, Pietrangelo Cook, PLC

East Regional Office • 520 W. Summit Hill Drive, Suite 201 • Knoxville, TN 37901 • 865-594-9301 • Fax: 865-558-0226 • John.craven@tn.gov

Attachment C.1.A(1) (General Criteria / Need)

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County

Tennessee Department of Health population data

Copy of DIDD letter supporting D&S projects



STATE OF TENNESSEE
 Department of Intellectual and Developmental Disabilities
 Citizens Plaza, 10th Floor
 400 Deaderick Street
 NASHVILLE, TN 37243-0675

November 30, 2015

Melanie Hill
 Executive Director
 Health Services and Development Agency
 500 Deaderick Street
 Nashville, TN 37243

RE: Application for Certification of Need submitted by D&S Residential Services, LP

Dear Director Hill:

The Department of Intellectual and Developmental Disabilities (Department) strongly supports the application for a Certificate of Need (CON) on behalf of D&S Residential Services, LP. Based upon the Department's knowledge of D&S Residential Services, LP, it is the Department's belief that they meet the three (3) criteria necessary for approval which are namely, need, economic feasibility and contribution to the orderly development of health care.

The need for these facilities has resulted from the national trend away from caring for persons with intellectual disabilities in large, congregate institutional settings to more integrated, smaller homes in the community. In 2006, Tennessee, believing this to be best practice, passed legislation which created one hundred sixty (160) new ICF/IID beds to be used solely for persons transitioning from state developmental centers. At this time there remain eighty-four (84) of the one hundred sixty (160) beds available for development. The need for the development of these remaining eighty-four (84) beds comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (*People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al.* No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. One of these developmental centers has already closed, another is set to close in the fall of 2015, the third is a small specialized developmental center for persons who are court ordered for competency evaluation and training, and GVDC. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community. Therefore, the Department supports this application for a CON to facilitate the closure of and transition of the residents of GVDC.

Melanie Hill, Executive Director

RE: Application for Certification of Need submitted by D&S Residential Services, LP

November 30, 2015

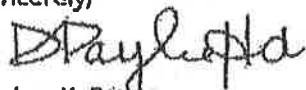
Page 2 of 2

Transitioning the residents from GVDC, a large institution, to four (4) person ICF/IIDs in the community is more economically feasible for the State, which pays for these services. The census at GVDC at the time of the announcement of closure was 101, but at its peak, GVDC supported 1100 residents. Operating a large developmental center is inefficient and does not produce economy of scale due to the large overhead associated with utilities and maintenance costs on older inefficient buildings that operate on a boiler system. The private operation of smaller four (4) person ICF/IIDs is much more efficient and economically feasible for the state.

For many of the same reasons stated above in relation to the criteria of "need", the approval of this CON and development of four person ICF/IID beds meets the criteria of contribution to the orderly development of health care. As a result of the Exit Plan in the nineteen (19) years old lawsuit described above, these homes and beds are needed to transition the remaining residences from GVDC and provide for the health and safety needs of these vulnerable persons. These beds will provide the same level of care that these persons are receiving at GVDC, namely the ICF/IID level of care. This application has been submitted by a current provider of services in Tennessee for persons with intellectual disabilities, therefore they have a proven track record of providing these services within both state and federal regulations which includes the availability and accessibility of human resources, prior contractual relationships with both the Department and TennCare and an understanding of the both the intellectual disability population and intellectual disability system in Tennessee.

Based on the above stated reasons the department strongly supports D&S Residential Services, LP., application for a CON to build four (4) person ICF/IIDs in East Tennessee in order to effectuate the safe transition of residents of GVDC and comply with the Exit Plan leading to the conclusion of the nineteen (19) years old *CBDC et. al* lawsuit. If you need any further information or have any questions please contact me.

Sincerely,



Debra K. Payne
Commissioner

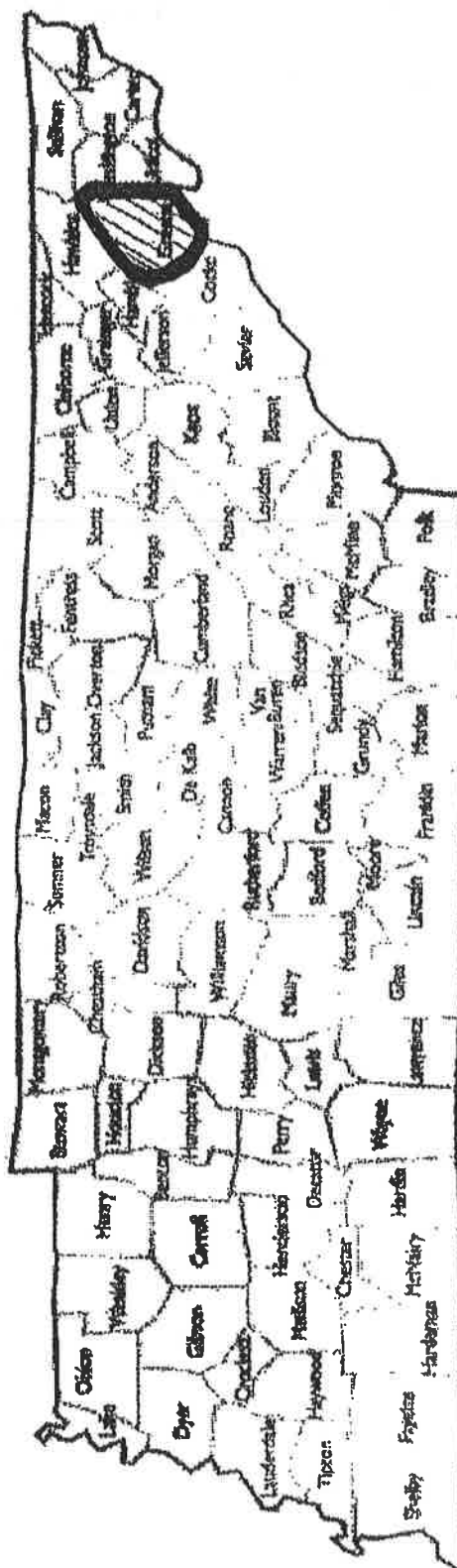
DKP:ts

Attachment C.1.A(2)

(General Criteria / Need)

DIDD letter of support noting that DIDD believes that D&S (and this proposal) meets the three criteria necessary for CON approval of “which are namely need, economic feasibility and contribution to the orderly development of health care”

Copy of email correspondence (and attachments) from Terry Jordan-Henley regarding need for new ICF/IID homes in Greene County and current providers and capacity.



Attachment C.1 (General Criteria / Economic Feasibility)

Documentation describing the estimated costs of the project



5940 Wilcox Place, Suite A
 Dublin, OH 43016
 tel: 614.889.5191
 fax: 614.889.5202
 www.scioto.com

November 23, 2015

Robn Traugolt
 Director of Training & Development
 D&S Community Services
 8911 N. Capital of Texas Hwy. Building One Suite 1300
 Austin, Texas 78759

RE: CON Request For Information

Dear Robn,

Scioto Properties LLC ("Scioto") is pleased that D&S Residential Services, LP. ("D&S") has requested information outlining how Scioto can assist in obtaining information regarding the construction of three ICF homes for D&S in the Tennessee markets (collectively, "Homes") to meet the housing needs of the consumers served by your organization.

Project Team: Scioto has partnered with Berardi + Partners, Inc. ("BPI") since 2005 designing different ICF facilities across the country. Scioto has reviewed the project specifications with BPI who has completed in excess of 500 housing projects including housing for the elderly, multi-family, assisted living, congregate care, nursing centers, and other housing settings for special needs population. Spectrum Contracting Services, Inc. ("Spectrum") Tennessee License, 37163, is to be the General Contractor on the subject ICF Projects. Spectrum is an experienced General Contractor and particularly experienced in the healthcare marketplace. Spectrum has been in business an excess of 27 years. 864 and counting have been successfully completed. Approximately 30% of those projects completed have been ICF facilities, nursing homes, private care homes, skilled nursing care homes, assisted living, senior living, and other facilities requiring the knowledge and sensitivity to those of our population needing assistance. Spectrum is generally considered an expert in the construction of these type facilities. Further, Spectrum has worked in collaboration with the Architect over a twenty three year expanse. BPI and Spectrum have successfully met the needs of all projects in which we have been involved on time and within budget.

Cash Reserves Appropriate: Scioto is a highly valued partner of Fillmore Buckeye Investments, LLC. Scioto Properties and Fillmore Buckeye Investments ("FB") entered into an investment partnership in 2011 for the purpose of acquiring and constructing residential properties for operators of DD facilities throughout the United States. FB and Scioto have worked together to acquire more than \$50 million of residential properties

D&S Residential
November 25, 2015
Page 2

through the investment partnership to date. Currently, Scioto has an eight figure line of credit in place for that purpose.

Construction of the Facility: Summary Project Description:

- The project consists of three (3) Intermediate Care Facilities with R-4 Use designations located on two (2) sites in the Greeneville, TN area.
- Each ICF to be a slab-on grade and wood framed structure with brick veneer/vinyl siding pitched wood trusses, and asphalt shingle roofing. Each ICF to have an R13 Fire Protection System.
- Site Development at each site includes rough and finish grading, storm water management, site utilities, driveways, some concrete paving, concrete sidewalks, and landscaping.

Costs:

The budgeted cost based upon site plans prepared by Miller-McCoy, Inc. and building plans prepared by BPI is as follows:

<u>Old Stage Road ICF Facility</u>		<u>Erwin Road ICF Facilities</u>	
Site Budget	\$ 165,000	Site Budget	\$ 189,000
Building Budget	\$ 520,000	Building Budget	\$ 1,009,000
Total	\$ 685,000	Total	\$ 1,198,000
Building per SF	\$ 148.57	Building per SF	\$ 144.14

If you have any questions on this approval, please do not hesitate to call me at 614-889-5191.

Sincerely,


Scott Zdroik
Property & Construction Supervisor
Scioto Properties, LLC

Attachment C.2 (General Criteria / Economic Feasibility)

Documentation regarding D&S Funding Sources



December 23, 2015

1:35 pm

December 21, 2015

Julie Serewicz
Director of Finance
D&S Community Services
8911 North Capital of Texas Hwy
Bldg One, Suite 1300
Austin, TX 78759

Re: D&S Revolving Line of Credit

Ms. Serewicz,

Please allow this letter to serve as evidence of the existence of an \$8 million revolving line of credit for D&S. The revolving line of credit matures in 2020.

The interest rate on the borrowings is based on a 4.25% spread over LIBOR.

The revolving credit is governed by financial covenants typical for a transaction of this nature. There is sufficient cushion to these covenants.

The revolving line of credit is in good standing with the bank and is available for usage.

Sincerely,

A handwritten signature in dark ink, appearing to read 'William H. Crawford', written in a cursive style.

William H. Crawford
Executive Vice President
Cadence Bank
3100 West End Avenue
Suite 175
Nashville, TN 37203

Attachment C.10

(General Criteria / Economic Feasibility)

D&S' balance sheet and income statement

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Balance Sheets
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 167,518	\$ 1,004,438
Accounts receivable trade, net	11,597,275	10,063,009
Prepaid expenses and other current assets	760,503	447,365
Current assets	<u>12,525,296</u>	<u>11,514,812</u>
Property and equipment, net	3,246,410	3,097,954
Program costs, net	7,802,456	10,176,108
Loan costs, net	174,280	229,653
Goodwill	13,236,257	13,236,257
Other assets	212,402	201,811
TOTAL ASSETS	<u>\$ 37,197,101</u>	<u>\$ 38,456,595</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 962,193	\$ 1,153,418
Accrued payroll	<u>2,222,163</u>	<u>3,630,944</u>
Accrued interest payable	164,840	76,182
Accrued management fees	245,980	82,501
Property taxes payable	413,296	339,221
Other accrued expenses	3,478,802	2,580,618
Revolving line of credit	4,300,000	3,900,000
Current portion of notes payable	2,084,375	1,796,875
Current portion of capital lease obligations	791,195	872,232
Current liabilities	<u>14,662,844</u>	<u>14,431,991</u>
Capital lease obligations, less current portion	1,075,383	900,615
Notes payable	<u>10,637,283</u>	<u>13,121,658</u>
TOTAL LIABILITIES	<u>26,375,510</u>	<u>28,454,264</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 per share, 250,000 shares authorized, 110,435 shares issued and outstanding	1,104	1,104
Additional paid in capital	1,218,921	1,175,723
Retained earnings	<u>9,601,566</u>	<u>8,825,504</u>
TOTAL STOCKHOLDERS' EQUITY	<u>10,821,591</u>	<u>10,002,331</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 37,197,101</u>	<u>\$ 38,456,595</u>

See accompanying notes and independent auditors' report.

D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Income
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Residential care income	\$ 94,121,719	\$ 65,121,115
ICF income	11,593,051	9,170,589
Foster care income	11,254,305	10,914,450
Other revenues	45,503	56,779
Total revenues	<u>117,014,578</u>	<u>85,262,933</u>
Expenses		
Payroll and related expenses	77,648,151	54,268,407
Contract Labor	7,776,998	7,380,365
Food and housekeeping	1,900,878	1,617,217
Prevocational services	3,162,819	2,953,541
Provision for doubtful accounts	170,000	160,000
Quality assurance fee	438,453	476,278
Rental expense- homes	4,508,069	3,433,813
Rental expense- vehicles	237,755	179,618
Depreciation and amortization of property and equipment	1,427,728	1,137,906
Utilities	1,877,364	1,444,239
Fuel	2,150,445	1,736,893
Repairs and maintenance	1,225,819	994,329
Insurance	3,206,071	1,088,600
Interest	1,374,954	1,081,887
Amortization of debt issuance costs	55,117	24,166
Amortization of program costs	2,694,255	786,041
Professional fees	1,343,094	1,145,756
Management fee	625,523	449,097
Other expenses	3,993,382	3,146,325
Total expenses	<u>115,816,875</u>	<u>83,504,478</u>
Income before income tax expense	1,197,703	1,758,455
Income tax expense	45,833	22,068
NET INCOME	<u>\$ 1,151,870</u>	<u>\$ 1,736,387</u>

See accompanying notes and independent auditors' report.

Attachment C.7(d) (General Criteria / Contribution to the Orderly Development of Care)

Most recent Tennessee ICF/IID inspections and plans of correction.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/23/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 440116	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 262	<p>483.440(f)(3)(i) PROGRAM MONITORING & CHANGE</p> <p>The committee should review, approve, and monitor individual programs designed to manage inappropriate behavior and other programs that, in the opinion of the committee, involve risks to client protection and rights.</p> <p>This STANDARD is not met as evidenced by: Based on review of Human Rights Committee (HRC) meeting minutes and interview, the facility failed to ensure HRC reviewed and approved locked chemicals for 4 of 4 clients (sampled Clients #1, #2 and unsampled Clients #3, #4).</p> <p>The findings included:</p> <p>A review of HRC meeting minutes provided for the survey year revealed no review or approval for locked chemicals.</p> <p>During an entrance interview with Qualified Intellectual Disabilities Professional (QIDP) in [Agency] Conference Room D on 2/10/15 at 9:30 am, QIDP stated chemicals were locked in all [Agency] homes.</p> <p>During an interview with Licensed Practical Nurse (LPN) in home living room on 2/10/15 at 2:10 pm, LPN confirmed chemicals in home were locked for safety purposes.</p> <p>During an interview with QIDP in [Agency] Conference Room D on 2/12/15 at 10:40 am, QIDP stated the agency was unaware an HRC review was required for safety measures such as chemical lock up. Further interview confirmed there was no HRC review or approval for locked</p>	W 262	<p>All Conservators will be notified and explained the need for HRC consents for locked chemicals in the home and get their signature. HRC committee will review consents and discuss the need for ongoing restriction in the home.</p> <p>HRC consents will be updated annually during ISP/IPP or COS meetings. Consents will be reviewed quarterly during HRC meetings.</p>	3/20/15	ongoing
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE _____ TITLE _____ (X6) DATE _____					

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/23/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G116	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 262	Continued From page 1		W 262		
W 441	<p>chemicals.</p> <p>483.470(i)(1) EVACUATION DRILLS</p> <p>The facility must hold evacuation drills under varied conditions.</p> <p>This STANDARD is not met as evidenced by: Based on observation, review of [Agency] Fire Drill forms, review of [Agency] Emergency Policy and interview, the facility failed to ensure fire drills were completed during sleeping hours for 4 of 4 clients (sampled Clients #1, #2 and unsampled Clients #3, #4).</p> <p>The findings included:</p> <p>An observation in the home on 2/10/2015 between 2:00 pm and 6:00 pm revealed Client #2 and Client #4 required physical assistance from 2 staff persons for transfer to and from wheelchairs for mobility. Further observation revealed Client #1 required physical assistance from 2 staff persons and gait belt for mobility. Further observation revealed Client #3 was independent in mobility.</p> <p>A review of monthly fire drill forms dated March 2014 through January 2015 revealed no fire drills were completed between the hours of 7:21 pm and 6:30 am.</p> <p>A review of [Agency] Emergency Policy revealed fire and weather drill procedures included "...drill shall also be conducted at unusual times (such as late at night, on weekends and holidays)."</p> <p>During an interview with Qualified Intellectual</p>		W 441	<p>HM will ensure fire drills are completed each month as scheduled with 11p-7a and 7p-7a shifts completing a drill during sleeping hours.</p> <p>QA will audit and monitor fire drills ongoing monthly to ensure fire drills are completed/requirements with 11p-7a and 7p-7a shifts completing a drill during sleeping hours.</p>	3/20/15

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/23/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G116	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER EGYPT CENTRAL			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 441	Continued From page 2 Disabilities Professional (QIDP) in [Agency] Conference Room D on 2/12/15 at 11:15 am, QIDP reviewed and confirmed no fire drills were completed during the hours of 7:21 pm and 6:30 am.	W 441			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/23/2016
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G116	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - GUARDIAN B. WING _____	(X3) DATE SURVEY COMPLETED 02/13/2016
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K0162	483.4700(1)(i) LIFE SAFETY CODE STANDARD	K0162		
	The facility holds evacuation drills at least quarterly for each shift of personnel and under varied conditions to ensure that all personnel on all shifts are trained to perform assigned tasks; and ensure that all personnel on all shifts are familiar with the use of the facility's emergency and disaster plans and procedures.		HM will ensure all evacuation drills are completed as scheduled one per shift quarterly and a copy of each drill will be kept in the fire drill book in the home.	3/20/15
	The facility must - (i) Actually evacuate clients during at least one drill each year on each shift; (ii) Make special provisions for the evacuation of clients with physical disabilities; (iii) File a report and evaluation on each drill; (iv) Investigate all problems with evacuation drills, including accidents and take corrective action; and (v) During fire drills, clients may be evacuated to a safe area in facilities certified under the Health Care Occupancies Chapter of the Life Safety Code. Facilities meet the requirements of paragraphs (1) and (2) of this section for any live-in and relief staff that they utilize. This STANDARD is not met as evidenced by: Based on interview and record review, it was determined the facility failed to conduct quarterly fire drills during the sleeping times of the residents. The findings included:		QA will audit and monitor fire drills monthly to ensure all drills are completed as scheduled. QA will monthly and quarterly audit Fire drill books to ensure copies of all evacuation drills are present in the home.	3/20/15 3/20/15

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is required to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 02/23/2016
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G116	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - GUARDIAN B. WING _____		(X3) DATE SURVEY COMPLETED 02/13/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K0152	Continued From page 1 During the record review on 2/13/15, nineteen fire drill critiques were reviewed. The documentation revealed quarterly fire drills during sleeping times had not been provided. During the exit interview with the manager, she stated they did not conduct drills during sleeping times.	K0152			
	These findings were acknowledged by the home manager during the exit conference on 2/13/15.				

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 09/17/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G107	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - JAMES ROAD ICF/MR B. WING _____		(X3) DATE SURVEY COMPLETED 09/16/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	Continued From page 1		K 130		
	<p>The findings included:</p> <ol style="list-style-type: none"> 1. Observation of the mechanical room on 9/16/15 revealed a penetration behind the water heater in the rated wall and the gap between the rated walls and the floor was not sealed with an approved fire stop material. 2. Observation of the storage room on 9/16/15 revealed a penetration in the ceiling around the sprinkler pipe. <p>These findings were verified and acknowledged by the house manager during the tour and exit conference on 9/16/15</p>				
	<p>Per email from Eddie Biggs with DIDD, this issue was corrected.</p> <p>10/7/15</p>				

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES (AND PLAN OF CORRECTION)		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 14G107	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 08/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 224	<p>483.440(c)(3)(v) INDIVIDUAL PROGRAM PLAN</p> <p>The comprehensive functional assessment must include adaptive behaviors or independent living skills necessary for the client to be able to function in the community.</p> <p>This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to conduct an assessment of independent living skills which resulted in a lack of outcomes related to household skills in the Individual Support Plan (ISP) for 2 of 2 sampled clients (Client #1, #2).</p> <p>The findings included:</p> <p>1. A review of Client #1's record revealed no Comprehensive Functional Assessment (CFA). A request was made on 9/17/15 at 10:30 am of the Program Director (PD), the previous Qualified Intellectual Disabilities Professional (QIDP), for Client #1's CFA. The completed CFA could not be located by survey exit.</p> <p>A review of Client #1's ISP dated 12/12/14 revealed no assessment of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to independent living skills.</p> <p>During an interview with the PD in the conference room on 9/17/15 at 12:30 pm, the PD confirmed Client #1's CFA was completed but she was unable to locate at this time. Further interview confirmed Client #1's independent living skills were not assessed. Further interview confirmed Client #1 did not have outcomes related to</p>	W 224	<p>1. & 2. Regarding CFA</p> <p>QIDP will complete CFA for Client #1 & Client #2 10/16/15</p> <p>QA Manager will audit records of other clients residing at James Road to identify whether or not CFA was completed 10/19/15</p> <p>QIDP will complete CFA's for other individuals, if necessary 10/26/15</p> <p>QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met 10/31/15</p> <p>QA Manager will conduct periodic audits of at least 25% of all individuals ongoing records</p> <p>1. & 2. Regarding Independent Living skills</p> <p>QIDP will complete assessment of Client #1 & #2's independent living skills & develop outcomes to be incorporated into current ISP 10/16/15</p> <p>QA Manager will audit ISP's of other individuals residing at [REDACTED] to identify whether or not independent living skills were assessed & outcomes identified 10/19/15</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

[Signature]

TITLE
Exec Dir

DATE
10/9/15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G107	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	LSC COMPLETION DATE	
W 224	Continued From page 1 Independent living skills. 2. A review of Client #2's record revealed no CFA. A request was made on 9/17/15 at 10:30 am of the PD for Client #2's CFA. The completed CFA could not be located by survey exit. A review of Client #2's ISP dated 12/4/14 revealed no assessment of Independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to Independent living skills. During an interview with the PD in the conference room on 9/17/15 at 12:30 pm, the PD confirmed Client #2's CFA was completed but she was unable to locate at this time. Further interview confirmed Client #2's Independent living skills were not assessed. Further interview confirmed Client #2 did not have outcomes related to Independent living skills.	W 224	continued from page 1 1. & 2. Regarding Independent Living skills QIDP will complete an assessment of the individual's Independent living skills & develop outcomes accordingly, if identified QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met QA Manager will conduct periodic audits of at least 25% of all individuals' ISP's	10/28/15 10/31/15 ongoing	
W 230	483.440(c)(4)(ii) INDIVIDUAL PROGRAM PLAN The objectives of the Individual program plan must be assigned projected completion dates. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure Individual Support Plan (ISP) objectives were assigned individualized completion dates for 2 of 2 sampled clients (Clients #1, #2) The findings included	W 230			

FORM CMS-2567 (02-99) PROVIDER/CLIA IDENTIFICATION NUMBER

Event ID BML11

Facility ID TNPSJ617

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G107	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE BY DATE	
W 230	Continued From page 2 1. A review of Client #1's ISP dated 12/12/14 revealed 6 outcomes. Further review revealed all outcomes listed a completion date of 12/11/15. A review of Client #1's ISP Program Description report printed from the Agency's computerized system on 9/18/15 revealed "target completion date: 12/11/2015" for all 6 outcomes defined. During an interview with the Program Director (PD), the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #1's projected outcome completion dates were not individualized and were for the ISP year. 2. A review of Client #2's ISP dated 12/4/14 revealed 5 outcomes. Further review revealed all outcomes listed a completion date of 12/3/15. A review of Client #2's ISP Program Description report printed from the Agency's computerized system on 9/16/15 revealed "target completion date: 12/03/2015" for all 5 outcomes defined. During an interview with the PD, the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #2's projected outcome completion dates were not individualized and were for the ISP year.	W 230	QIDP will amend ISP outcome completion dates for client #1 & #2 to be more individualized QA Manager will audit ISP outcome completion dates for the other individuals at James Road to identify whether or not the outcome dates are individualized QIDP will amend ISP outcome completion dates for the other individuals, if necessary QIDP will ensure going forward that ISP outcome completion dates are individualized QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A tool will be developed and used to monitor the progress of each individual's outcomes on a monthly basis ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	10/16/15 10/18/15 10/26/15 ongoing 10/31/15 ongoing ongoing	
W 231	483.440(c)(4)(III) INDIVIDUAL PROGRAM PLAN The objectives of the individual program plan must be expressed in behavioral terms that provide measurable indices of performance.	W 231			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 231	Continued From page 3 This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure Individual Support Plan (ISP) outcomes were written in behavioral terms that provided measurable indices of performance for 2 of 2 sampled clients (Client #1, #2) The findings included. 1. A review of Client #1's ISP dated 12/12/14 revealed the following outcomes: "...will participate in community activities and visit places...of interest..."; "...will participate in oral hygiene activities daily with staff hand over hand assistance..."; "...will assist in bed mobility/transfers/positioning with staff assistance to maintain skin integrity." Further review revealed the goals did not describe how success would be determined. Continued review revealed no indication of the number or percentage of trials required to achieve success. Further review revealed no indication of what target behaviors would indicate Client #1's success in the community, participation in oral hygiene or maintaining skin integrity. During an interview with the Program Director (PD), the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #1's goals were not written in behavioral terms and did not provide instructions to ensure measurable data for performance. 2. A review of Client #2's ISP dated 12/4/14 revealed the following outcomes: "...will assist staff by up to 50% participation personal hygiene care daily..."; "...will assist staff with...transfers using the Hoyer standing lift for	W 231	QIDP will amend ISP outcomes for Client #1 & #2 to reflect outcomes in measurable terms. QA Manager will audit ISP outcomes for the other individuals at [REDACTED] to identify whether or not the outcomes are written in measurable terms. QIDP will amend ISP outcomes for the other individuals, if necessary. QIDP will ensure going forward that ISP outcomes are written in measurable terms. QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A tool will be developed and used to monitor the progress of each individual's outcomes on a monthly basis. ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly. QA Manager will conduct periodic audits of at least 25% of all individuals' ISP's	10/16/15 10/19/15 10/26/15 ongoing 10/31/15 ongoing ongoing

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G107	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ D. WING _____		(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 231	Continued From page 4 toilet and bedside transfers..."; "...will visit places of interest..." Further review revealed the goals did not describe how success would be determined. Continued review revealed no indication of the number or percentage of trials required to achieve success. Further review revealed no indication of what target behaviors would indicate Client #2's success with personal hygiene care, transfers and community outings	W 231			
W 234	During an interview with the PD, the previous Qualified Intellectual Disabilities Professional, in the conference room on 9/17/15 at 10:30 am, the PD confirmed Client #2's goals were not written in behavioral terms and did not provide instructions to ensure measurable data for performance. 483.440(c)(5)(i) INDIVIDUAL PROGRAM PLAN Each written training program designed to implement the objectives in the individual program plan must specify the methods to be used. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure the training program provided clear directions on how to implement teaching strategies for 2 of 2 sampled clients (Clients #1, #2). The findings included: 1. A review of Client #1's Individual Support Plan (ISP) dated 12/12/14 revealed the following outcome: "...will participate in community activities and visit places...of interest..." A review of Client #1's ISP Program Description report printed from the Agency's computerized	W 234	QIDP will rewrite staff instructions for Client #1 & #2 so that clear directions on how to implement the teaching strategies are provided QA Manager will audit staff instructions for the other individuals at [REDACTED] to identify whether or not the staff instructions provide clear directions on how to implement the teaching strategies QIDP will rewrite the staff instructions for the other individuals, if necessary QIDP will ensure going forward that staff instructions are outlined & written in objective terms so that repeatability is ensured among all staff	10/16/15 10/19/15 10/26/15 ongoing	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 234	Continued From page 5 system on 9/16/15 revealed staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goal to ensure consistency between staff members. During an interview with the Program Director (PD), the previous Qualified Intellectual Disabilities Professional, in the facility conference room on 9/17/15 at 10:30 am, the PD confirmed Client #1's staff instructions were not written clearly, which could affect the consistency of implementation. 2. A review of Client #2's ISP dated 12/4/14 revealed the following outcomes: "...will assist staff by up to 50% participation...personal hygiene care...daily..." "...will assist staff with transfers using the Hoyer standing lift for toilet and bedside transfers..." "...will purchase items/services...in the community..." "...will visit places of interest..." A review of Client #2's ISP Program Description report printed from the Agency's computerized system on 9/16/15 revealed staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goal to ensure consistency between staff members. During an interview with the PD, the previous Qualified Intellectual Disabilities Professional, in the facility conference room on 9/17/15 at 10:30 am, the PD confirmed Client #2's staff instructions were not written clearly, which could affect the consistency of implementation	W 234	QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard is met. QA Manager will conduct periodic audits of at least 25% of all individuals staff instructions	10/31/15 ongoing	
W 323	483.460(a)(3)(i) PHYSICIAN SERVICES	W 323			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(K5) COMPLETION DATE	
W 323	Continued From page 6 The facility must provide or obtain annual physical examinations of each client that at a minimum includes an evaluation of vision and hearing. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure an annual hearing assessment was completed for 1 of 2 sampled clients (Client #2). The findings included: A review of Client #2's annual history and physical dated 11/19/14 revealed "HEENT (head, eyes, ears, nose and throat): There have been no changes in...hearing" Further review revealed physical exam did not assess current hearing acuity. During an interview with the Administrative Nurse (AN) in the conference room on 8/17/15 at 10:00 am, the AN confirmed Client #2's Primary Care Physician (PCP) completes the annual hearing assessment at the time of the annual physical. During a telephone interview with Client #2's PCP in the conference room on 8/17/15 at 11:30 am, the PCP confirmed a hearing assessment was not completed during the annual physical.	W 323	ICF Nurse Manager will ask PCP to assess current hearing acuity on Client #2 ICF Nurse Manager will review medical records for the other individuals residing at [REDACTED] to identify whether or not an annual hearing assessment has been completed ICF Nurse Manager will schedule appts for individuals to have annual hearing assessment, if necessary ICF Nurse Manager, going forward will ensure that a referral is made for a specialist if deemed necessary per the individual's diagnosis. ICF Nurse Manager will also ensure that PCP clearly states that assessment was completed & clearly states what indicators were used to determine the findings IDT meets monthly to review & discuss each individual, including their medical issues and needs QA Manager will conduct periodic audits of at least 25% of all individuals medical records	10/16/15 10/19/15 10/26/15 ongoing ongoing ongoing	

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G127	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 124	483.420(a)(2) PROTECTION OF CLIENTS RIGHTS The facility must ensure the rights of all clients. Therefore the facility must inform each client, parent (if the client is a minor), or legal guardian, of the client's medical condition, developmental and behavioral status, attendant risks of treatment, and of the right to refuse treatment. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure written informed consent was obtained prior to the use of Nitrous Oxide during dental treatment for 1 of 2 sampled clients (Client #2). The findings included: A review of Client #2's 2/21/14 dental visit revealed "Nitrous Oxide administered...Forcep Ext. [extraction] #4 & #5 without complications..." A medical record review for Client #2 revealed no conservator consent on file for the use of Nitrous Oxide during the 2/21/14 dental visit. During an interview with the Nurse Manager (NM) in the facility conference room on 2/11/15 at 3:35 pm, the NM stated the purpose of the Nitrous Oxide was to help Client #2 stay calm and hold still during dental treatment. Further interview revealed there was no conservator consent for Client #2 to receive Nitrous Oxide, due to instructions from the dentist stating informed consent was not required.	W 124	Conservator will be notified and explained the need for HRC consent for the use of nitrous oxide and IV sedation during dental visits and get their signature. An annual consent for dental sedation ongoing will be obtained for all persons served during their annual ISP/IPP or COS meetings. A consent will be obtained for the ongoing use of Nitrous Oxide and IV sedation prior to each dental visit.	3/15/15	
W 206	483.440(c)(1) INDIVIDUAL PROGRAM PLAN	W 206	HRC committee will review and discuss consents for nitrous oxide medications used during dental procedures.	3/15/15	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 60 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G127	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 206	Continued From page 1 Each client must have an individual program plan developed by an interdisciplinary team that represents the professions, disciplines or service areas that are relevant to: (i) Identifying the client's needs, as described by the comprehensive functional assessments required in paragraph (c)(3) of this section; and (ii) Designing programs that meet the client's needs. This STANDARD is not met as evidenced by: Based on observation, record review and interview, the Interdisciplinary Team (IDT) failed to consider dining plan recommendations when writing a Self-Administration of Medication (SAMS) goal for 1 of 2 sampled clients (Client #2). The findings included: An observation of a med pass in the dining room of the home on 2/11/15 at 7:40 am revealed Client #2 presented with uncrushed pills in a medicine cup. Client #2 used her fingers to remove the pills from the cup and placed the pills into her mouth independently. Continued observation revealed Nurse #1 handed Client #2 a nose cup and she swallowed the medications without coughing. A review of Client #2's 10/2/14 Individual Program Plan (IPP) revealed "Valued outcome 8 ...[Client #2] will assist the nurse with taking her medications. Further review revealed "Medication time (ISP Program)...Goal/Service: [Client #2] will be given 1-3 of her meds in a cup by the nurse and take them with verbal prompting from the		W 206 SLP will review dining plan and observe med pass to assess the need for changes in person's served medication administration safety level/needs. SLP will discuss her recommendations with the Interdisciplinary Team for this person's medication administration needs. SLP will make revisions to dining plan and re-train nursing staff on updated dining plan to incorporate all changes. SLP will discuss any changes or concerns with medication administration during the monthly IDT meetings, and ISP/COS meetings prior to making changes.	3/16/15 3/16/15 3/16/15 ongoing	

FORM CMS 2567(02-99) Previous Versions Obsolete

Event ID: DPXW11

Facility ID: TNP530121

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W 206	Continued From page 2 nurse..."	W 206			
	<p>A review of Client #2's 1/2015 Dining Plan revealed "...Diet Texture: Diced...Medication Administration: Follow mealtime guidelines for medication administration. All pills should be crushed and placed in food and presented with a regular spoon. Nurse should be at eye level when administering medication to [Client #2]."</p> <p>During an interview with the Director of Nursing (DON) in her facility office on 2/12/15 at 10:15 am, the DON confirmed nursing staff conducts all self-administration of medication (SAMS) assessments and recommended Client #2 take her pills whole based on this assessment. Further interview revealed the DON was unaware of Client #2's Dining Plan specifying the use of crushed medications.</p> <p>During a telephone interview with the Speech Language Pathologist (SLP) in the facility conference room on 2/12/15 at 11:30 am, the SLP confirmed Client #2's Dining Plan included a recommendation for crushed medications. Further interview confirmed the SLP was present at Client #2's IPP meeting and was not aware Client #2's SAMS goal specified the use of whole medications.</p>				
W 262	483.440(f)(3)(i) PROGRAM MONITORING & CHANGE	W 262			
	<p>The committee should review, approve, and monitor individual programs designed to manage inappropriate behavior and other programs that, in the opinion of the committee, involve risks to client protection and rights.</p>				

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44Q127	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 02/12/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 262	Continued From page 3 This STANDARD is not met as evidenced by: Based on a review of Human Rights Committee (HRC) meeting minutes, dental records and interview, the facility failed to ensure HRC reviewed and approved locked chemicals for 4 of 4 clients (sampled Clients #1, #2 and unsampled Clients #3, #4). The facility also failed to ensure the HRC reviewed and approved the use of Nitrous Oxide during dental treatment for 1 of 2 sampled clients (Client #2). The findings included: 1. A review of HRC meeting minutes provided by the facility for the survey year revealed no review or approval for locked chemicals. During an entrance interview with Qualified Intellectual Disabilities Professional (QIDP) in the facility conference room on 2/10/15 at 9:30 am, the QIDP stated chemicals were locked in all of the facility's homes. During an interview with QIDP in the facility conference room on 2/12/15 at 10:40 am, the QIDP stated the facility was unaware an HRC review was required for safety measures such as chemical lock up. Further interview confirmed there was no HRC review or approval for locked chemicals. 2. A review of Client #2's 2/21/14 dental report revealed "Nitrous Oxide administered ...Forcep Ext. [extraction] #4 & #5 without complications ..." A review of HRC meeting minutes provided for the survey year revealed no review or approval	W 262	All Conservators will be notified and explained the need for HRC consents for locked chemicals in the home and get their signature. HRC committee will review consents and discuss the need for ongoing restriction in the home. HRC consents will be updated annually during ISP/IPP or COS meetings. Consents will be reviewed quarterly during HRC meetings. Conservator will be notified and explained the need for HRC consent for the use of nitrous oxide and IV sedation during dental visits and get their signature. An annual consent for dental sedation will be obtained for all persons served during their annual ISP/IPP or COS meetings.	3/20/15	ongoing

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W 262	Continued From page 4 for the use of Nitrous Oxide during Client #2's 2/21/14 dental appointment. During an interview with the Nurse Manager (NM) in the facility conference room on 2/12/15 at 3:35 pm, the NM stated the purpose of the Nitrous Oxide was to help Client #2 stay calm and hold still during dental treatment. Further interview revealed the facility was unaware the use of Nitrous Oxide required conservator consent and HRC review. During an interview with the QIDP in the facility conference room on 2/12/15 at 10:40 am, the QIDP stated there was no HRC review or approval for the use of Nitrous Oxide during Client #2's 2/21/14 dental appointment.	W 262	A consent will be obtained for the use of Nitrous Oxide and IV sedation prior to each dental visit.	ongoing	
W 460	483.480(a)(1) FOOD AND NUTRITION SERVICES Each client must receive a nourishing, well-balanced diet including modified and specially-prescribed diets. This STANDARD is not met as evidenced by: Based on observation, record review and interview the facility failed to ensure modified diet orders were implemented as prescribed for 1 of 2 sampled clients (Client #1). The findings included: A dinner observation in the dining room of the home on 2/10/15 at 5:00 pm revealed Client #1 seated in a standard chair with Direct Support	W 460	HRC committee will review and discuss consents for nitrous oxide medications used during dental procedures.	3/15/15	

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W 460	Continued From page 5 Professional (DSP) #1 seated on the right. A 2-handled cup with powdered thickener was located at the top of Client #1's plate. DSP #1 poured water into the cup and stirred it with a spoon to mix it with the thickener. Continued observation revealed the water was not honey thickened. A request by this surveyor to examine the texture of the liquid resulted in DSP #1 returning to the kitchen where she added more thickener to the water. Continued observation revealed Client #1 required partial physical assistance to drink the thickened water and did not exhibit any coughing. A breakfast observation in the dining room of the home on 2/11/15 at 7:45 am revealed Client #1 seated in a standard chair with DSP #2 seated on the right. A 2-handled cup filled with juice was located at the top of Client #1's plate. Continued observation revealed the juice was not honey thickened. A request by this surveyor to examine the texture of the liquid resulted in DSP #2 returning to the kitchen where she added more thickener to the juice. Continued observation revealed Client #1 required partial physical assistance to drink the thickened juice and did not exhibit any coughing. A review of Client #1's 1/15 Dining Plan revealed "Liquid Consistency: Liquids are honey consistency." A review of Client #1's 9/30/14 Individual Program Plan (IPP) revealed "[Client #1] eats by mouth. He currently has a high fiber, ground texture diet with thickened liquids to honey consistency to	W 460	SLP will assess prescribed consistency of fluids for each person served and make necessary adjustments. SLP will re-train designated trainer in the home on the thickener to fluid ratio to use to get fluids to appropriate consistency. Designated trainer will in-service the staff on updated fluid ratio to thickener consistency. SLP will monitor and observe mealtimes monthly at all homes to ensure thickener is prepared/ recommendations and person served tolerance.	3/20/15	3/20/15	ongoing

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
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W 460	Continued From page 6 avoid aspiration.	W 460			
	<p>An interview of DSP #2 in the dining room of the home on 2/11/15 at 7:45 am revealed written instructions for thickening Client #1's liquids include the amount of thickener and liquid to be used. Further interview confirmed all staff members use these instructions when preparing Client #1's liquids. Further interview revealed Client #1's liquids become thicker over time. Further interview confirmed the written instructions do not direct staff to prepare liquids ahead of the meal or to add additional thickener if the liquid does not reach desired consistency.</p> <p>During a telephone interview with the Speech Language Pathologist (SLP) in the facility conference room on 2/12/15 at 11:30 am, the SLP confirmed she had created written instructions for thickening Client #1's liquids. Further interview confirmed the thickener requires time to reach the desired consistency. Further interview confirmed the thickening instructions do not direct staff to prepare Client #1's liquids prior to the meal.</p>				

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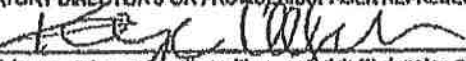
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G127	(X2) MULTIPLE CONSTRUCTION A. BUILDING 77 - DAROLYN HOME B WING _____	(X3) DATE SURVEY COMPLETED 02/11/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE
K 130	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD OTHER LSC DEFICIENCY NOT ON 2788 This STANDARD is not met as evidenced by: NFPA 101, 33-9.1, 2000 New 9.2.3 Commercial Cooking Equipment. Commercial cooking equipment shall be in accordance with NFPA 98, Standard for Ventilation Control and Fire Protection of Commercial Cooking Operations, unless existing installations, which shall be permitted to be continued in service, subject to approval by the authority having jurisdiction. Based on observation, record review, and interview, it was determined the facility failed to maintain the kitchen ventilation equipment. The findings included: During the record review in the Darolyn home on 2/11/15, the facility provided a semi annual kitchen hood inspection report for 10/3/14. The report stated the exhaust fan on the kitchen hood would not operate. I ask the house manager if the fan had been repaired, and she stated it had been worked on. I turned the hood exhaust switch to "on" but the exhaust fan would not operate. This finding was verified and acknowledged by the house manager during the exit conference on 2/11/15.	K 130	This item was repaired on 10/21/14 and was working properly prior to state inspection. This item has been inspected again and found to be working at this time. (See enclosed documentation). Revisions will be made to monthly Survey tool used by QA and QIDP Supervisor to ensure proper operation of exhaust fan and all appliances. Revisions will be made to Fire Drill forms used by HM's to include inspection of Exhaust fan/vent-a-hood monthly.	completed 3/20/15
K0152	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD The facility holds evacuation drills at least	K0152		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X5) DATE



Exec Dir

4-15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
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K0152	Continued From page 1 quarterly for each shift of personnel and under varied conditions to ensure that all personnel on all shifts are trained to perform assigned tasks; and ensure that all personnel on all shifts are familiar with the use of the facility's emergency and disaster plans and procedures. The facility must - (i) Actually evacuate clients during at least one drill each year on each shift; (ii) Make special provisions for the evacuation of clients with physical disabilities; (iii) File a report and evaluation on each drill; (iv) Investigate all problems with evacuation drills, including accidents and take corrective action; and (v) During fire drills, clients may be evacuated to a safe area in facilities certified under the Health Care Occupancies Chapter of the Life Safety Code. Facilities meet the requirements of paragraphs (1) and (2) of this section for any live-in and relief staff that they utilize. This STANDARD is not met as evidenced by: Based on record review, it was determined the facility failed to conduct 1 of 12 fire drills on all shifts. The findings included: During the document review on 2/11/15 in the Darolyn 2803 home, the facility could not provide	K0152	HM will ensure all evacuation drills are completed as scheduled one per shift quarterly and a copy of each drill will be kept in the fire drill book in the home. QA will audit and monitor fire drills monthly to ensure all drills are completed as scheduled. QA will monthly and quarterly audit Fire drill books to ensure copies of all evacuation drills are present in the home.	3/20/14 3/20/15 3/20/15

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K0152	Continued From page 2 documentation of a second shift fire drill in the second quarter of 2014. This finding was verified and acknowledged by the house manager during the exit conference on 2/11/15.	K0152			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(K5) COMPLETION DATE
K 130	483.470((1)(1)) LIFE SAFETY CODE STANDARD OTHER LSC DEFICIENCY NOT ON 2786		K 130		
	<p>This STANDARD is not met as evidenced by: National Fire Protection Association, (NFPA) 10, 4-4.3 (1988 edition) Six-Year Maintenance. Based on observation and record review, the facility failed to provide the 6 year maintenance on 3 of 4 fire extinguishers observed.</p> <p>The findings included,</p> <p>Observation of the facility on 9/16/15, revealed the fire extinguishers in the kitchen, the mechanical room, and the storage room did not have the 6 year maintenance collar. The fire extinguishers were due for the 6 year maintenance inspection in 2014. The annual fire extinguisher inspection report did not provide documentation of the 6 year maintenance being performed.</p> <p>National Fire Protection Association, (NFPA) 25, 2-2.1 (1988 edition) Sprinklers shall be inspected from the floor level annually. Sprinklers shall be free of corrosion, foreign materials, paint, and physical damage and shall be installed in the proper orientation (e.g., upright, pendant, or sidewall). Any sprinkler shall be replaced that is painted, corroded, damaged, loaded, or in the improper orientation. Based on observation, the facility failed to</p>				
				A fire extinguisher that is currently tagged was taken from the office to [REDACTED]	10/9/15
				Security Fire is scheduled for their quarterly visit & will replace the fire extinguishers in the kitchen & mechanical room	10/20/15
				The monthly fire drill form is being revised to reflect checking the date of the fire extinguisher so that the proper 6 year maintenance can be performed prior to the 6 year timeframe	10/16/15
				Home Managers will be given & trained on the revised monthly fire drill form	10/31/15

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(K6) DATE

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(K1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G103	(K2) MULTIPLE CONSTRUCTION A. BUILDING 17 - OLD ALLEN IC/F/MR B. WING	(K3) DATE SURVEY COMPLETED 09/16/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE ZIP CODE [REDACTED]	
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(K5) COMPLETION DATE
K 130	Continued From page 1 maintain all sprinkler heads.	K 130	QA Manager will add the 6 year maintenance to the audit tool that is used throughout the year	10/31/15
	The findings included:			
	Observation of the mechanical room on 9/16/15, revealed a black tar substance on 1 of 1 sprinkler heads.			
	National Fire Protection Association, (NFPA) 101, 8.2.3.2.4.2* (2000 edition) Based on observation, the facility failed to maintain all fire assemblies.			
	The findings included:			
	Observation of the mechanical room on 9/16/15 revealed penetrations in the ceiling around piping. The opening between the floor and gypsum wall board was not sealed.			
	Per email from Eddie Biggs, with DIDD, the issue will be addressed			
	10/12/15			
	These findings were verified by the home manager during the exit conference on 9/15/15			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
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W 124	<p>483.420(a)(2) PROTECTION OF CLIENTS RIGHTS</p> <p>The facility must ensure the rights of all clients. Therefore the facility must inform each client, parent (if the client is a minor), or legal guardian of the client's medical condition, developmental and behavioral status, attendant risks of treatment, and of the right to refuse treatment.</p> <p>This STANDARD is not met as evidenced by: Based on a review of the medical record and interview, the facility failed to obtain written informed consent for intravenous (IV) sedation for dental treatment for 1 of 2 sampled clients (Client #2).</p> <p>The findings included:</p> <p>A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed "[Client #2] had two dental appointments with [named provider] and his periodic exams were done under IV (intravenous) sedation without complications."</p> <p>A review of Client #2's records revealed there was no consent on file for the use of IV sedation during his dental procedure. Consent forms were requested on 9/16/15 at 8:30 am and were unable to be located prior to the conclusion of the survey.</p> <p>During an interview with the Human Rights Committee (HRC) Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed the consent for Client #2's IV dental sedation was not able to be located.</p>	W 124	<p>A medical appointment protocol form has been developed by the nursing department to assist with identifying when sedation will be used for an individual's medical treatment.</p> <p>Nursing Department will distribute and in-service staff on the newly developed medical appointment protocol and form</p> <p>Administrative staff involved in ICF program were in-serviced on the HRC regulations & requirements</p> <p>QA Manager will audit the HRC records for other individuals residing at [REDACTED] to assure proper contents have been obtained</p> <p>Agency HRC designees will obtain consents and approvals for other individuals, if necessary</p> <p>QA Manager will conduct periodic audits of at least 25% of all individuals HRC records</p>	<p>10/8/15</p> <p>10/26/15</p> <p>10/6/15</p> <p>10/19/15</p> <p>10/31/15</p> <p>Ongoing</p>	
W 156	483.420(d)(4) STAFF TREATMENT OF CLIENTS	W 156			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE
Zvec [Signature]

DATE

10/9/15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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W 156	Continued From page 1 The results of all investigations must be reported to the administrator or designated representative or to other officials in accordance with State law within five working days of the incident.	W 156	New IMC is in place and aware of the time line requirements regarding Internal investigations being completed within 5 working days of the incident.	10/17/15	
	<p>This STANDARD is not met as evidenced by: Based on a review of facility incident reports, incident investigations and interview, the facility failed to complete an internal incident investigation within five working days for 1 of 2 sampled clients (Client #2) and one unsampled client (Client #3).</p> <p>The findings included:</p> <p>1. A review of a Reportable Incident form for Client #2 revealed "Date of Incident: 10/21/14". Further review revealed Client #2 was taken to the emergency room and was diagnosed with a fracture in his left hand.</p> <p>A review of the Internal Investigation Report revealed "Date and time Incident(s) were discovered/reported: 10/21/14. Nature of allegation and/or information provided to (facility) Serious Injury with unknown cause" Further review revealed the investigator's signature with no date.</p> <p>During an interview of the Incident Management Coordinator (IMC) in the facility office on 9/17/15 at 1:15 pm, the IMC confirmed the 10/21/14 incident investigation was not completed within 5 working days. Further interview revealed the primary investigator had conducted witness interviews after the 5 day period had passed and confirmed the report was not dated.</p>		<p>QA Manager will conduct periodic audits of at least 25% of all individuals IMC records to identify areas needing correction, if necessary.</p>	Ongoing	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 166	Continued From page 2 2. A review of a Reportable Incident form for unsampled Client #3 revealed "Date of Incident: 4/29/15". Further review revealed Client #3 was taken to the emergency room and diagnosed as having a "facial contusion with hematomas". Further review revealed Client #3 was discharged with instructions to "follow-up with his PCP [Primary Care Physician] in 2 days (5/1/15)". A review of the Internal Investigation Report revealed "Date and time incident(s) were discovered/reported: 4/29/15...Nature of allegation and/or information provided to [facility] "...head bumped the rail of the bed causing a knot and abrasion to right side of his forehead. Further review revealed the Internal Investigation Report was dated 5/12/15, 13 days after the incident was discovered. During an interview with the Incident Management Coordinator (IMC) in the facility office on 9/17/15 at 1:15 pm, the IMC confirmed the 4/29/15 incident investigation was not completed within 6 working days.	W 166			
W 208	483.440(c)(1) INDIVIDUAL PROGRAM PLAN Each client must have an individual program plan developed by an interdisciplinary team that represents the professions, disciplines or service areas that are relevant to: (i) Identifying the client's needs, as described by the comprehensive functional assessments required in paragraph (c)(3) of this section; and (ii) Designing programs that meet the client's needs.	W 208	A review of Client #1 & #2's OT Assessments was completed by the IDT and related outcomes were developed QIDP will review therapy assessments for the other individuals residing at [REDACTED] to identify whether or not the IDT discussed the assessments and if outcomes were developed	10/8/15 10/26/15	

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STATEMENT OF DEFICIENCY AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G106	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 206	Continued From page 3 This STANDARD is not met as evidenced by Based on record review and interview, the Interdisciplinary Team (IDT) failed to discuss or implement recommendations listed in therapy evaluations for 2 of 2 sampled clients (Clients #1, #2) The findings included: 1. A review of Client #1's Occupational Therapy (OT) Assessment dated 9/4/14 revealed "[Client #1] appears to have sensory defensiveness challenges that limits his full tolerance to showers, shaving and oral care. [Client #1] would not tolerate hand over hand assistance for any functional tasks." Continued review revealed "[Client #1] would benefit from his OT to provide opportunities for sensory integration techniques exploration and intervention to improve overall sensory organization for ADLs [Activities of Daily Living]" Further review revealed "... [Client #1] will tolerate his Sensory Wabarger protocol with staff max assistance 4 times a day with good tolerance/no agitation." A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed no IOT discussion of Client #1's sensory defensiveness/intolerance to hand over hand assistance and no goal to increase Client #1's tolerance of hand over hand assistance. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1 had difficulty tolerating hand over hand assistance. Further interview confirmed Client #1's ISP did not include the OT's goal for the		Continued from page 3 W 206: Therapy assessments for the other individuals will be presented by QIDP or Program Director at the next monthly IDT meeting and outcomes developed, if necessary QIDP will ensure going forward that therapy assessments are discussed with the IDT and outcomes developed QA Manager will conduct periodic audits of at least 25% of all individuals therapy ongoing assessments and related outcomes	Ongoing	
				Ongoing	
				Ongoing	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 206	Continued From page 4 Sensory Wilbarger protocol or goals for staff to engage Client #1 in sensory integration activities. 2. A review of Client #2's Occupational Therapy (OT) evaluation dated 1/15/15 revealed "Range of motion...PROM [Passive Range of Motion] limited Right UE [upper extremity] shoulder, elbow, wrist...limited active participation with upper extremities...limited participation for ADL's (Activities of Daily Living)...Fair functional reaching/active engagement with left hand." Continued review revealed "Recommendations...Upper extremities sensory therapeutic activities as tolerated ...LTG [Long Term Goal] 3 [Client #2] will show increased upper extremities bilateral integration during daily activities and leisure time ...STG [Short Term Goal] 3 [Client #2] will demonstrate RUE [Right Upper Extremity] good relaxed position for 15-20 min, upon therapeutic stretching..." A review of Client #2's ISP dated 2/27/15 revealed no IDT discussion of Client #2's limited participation in ADL's or his limited range of motion in the right arm. Further review revealed no goals to increase upper extremities bilateral integration skills or promote relaxation in the right upper extremity. During an interview with the Program Director in the facility conference room on 9/17/15 at 10:30 am, she confirmed discussions or goals addressing Client #2's assessed need for bilateral integration and RUE relaxation were not included in his ISP.	W 206			
W 224	483.440(c)(3)(v) INDIVIDUAL PROGRAM PLAN The comprehensive functional assessment must	W 224	1 & 2 Regarding CFA QIOP will complete CFA for Client #1 & Client #2	10/16/15	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS CITY, STATE, ZIP CODE [REDACTED]		
(X4) IO PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		IO PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	IO PREFIX TAG
W 224	Continued From page 5 include adaptive behaviors or independent living skills necessary for the client to be able to function in the community This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to conduct an assessment of independent living skills, resulting in a lack of individual Service Plan (ISP) outcomes in the area of household skills for 2 of 2 sampled clients (Clients #1, #2) The findings included 1. A review of Client #1's program records revealed no Comprehensive Functional Assessment (CFA). A request for the CFA was made on 9/17/15 at 10:30 am. The Program Director (who was the previous Qualified Intellectual Disabilities Professional) was not able to locate a completed CFA prior to survey exit. A review of Client #1's ISP dated 11/13/14 revealed no assessment or description of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to independent living skills. During an interview with the Program Director in the conference room on 9/17/15 at 12:30 pm, she stated Client #1's CFA was completed, although she was unable to locate a copy of the assessment. Further interview confirmed Client #1's ability to participate in home skills was not assessed or addressed as an ISP outcome. 2. A review of Client #2's record revealed no		W 224	Continued from page 5 QA Manager will audit records of other clients at [REDACTED] to identify whether or not CFA was completed. QIDP will complete CFA's for other individuals, if necessary. QA audit tool will be developed to be utilized by QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. QA Manager will conduct periodic audits of at least 25% of all individuals records. 1 & 2 Regarding Independent Living skills QIDP will complete assessment of Client #1 & #2 independent living skills & develop outcomes to be incorporated into current ISP. QA Manager will audit ISP's of other individuals residing at [REDACTED] to identify whether or not independent living skills were assessed & outcomes identified.	10/19/15 10/26/15 10/31/15 Ongoing 10/31/15 10/19/15

Form CMS 2567(02-02) Plan's & Variations Observation

Event ID: ERG-11

Facility ID: 1100-1100

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 224	Continued From page 6 Comprehensive Functional Assessment (CFA) A request for the CFA was made on 9/17/15 at 10:30 am. The Program Director was not able to locate the completed CFA prior to survey exit. A review of Client #2's ISP dated 12/4/14 revealed no assessment or description of independent living skills such as food shopping, meal preparation, housekeeping, kitchen chores, and/or laundry. Further review revealed no outcomes related to independent living skills. During an interview with the Program Director in the conference room on 9/17/15 at 12:30 pm, she stated Client #2's CFA was completed, although she was unable to locate a copy of the assessment. Further interview confirmed Client #2's ability to participate in home skills was not assessed or addressed as an ISP outcome.	W 224	Continued from page 6 1 & 2 Regarding Independent Living Skills QIDP will complete an assessment of the individual's independent living skills & develop outcomes accordingly, if identified. QA audit tool will be developed to be utilized by the QIDP, with review from Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met.	10/31/16	Ongoing
W 230	483.440(c)(4)(ii) INDIVIDUAL PROGRAM PLAN The objectives of the individual program plan must be assigned projected completion dates. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure individual Support Plan (ISP) objectives were assigned individualized completion dates for 2 of 2 sampled clients (Clients #1, #2). The findings included: 1. A review of Client #1's ISP dated 11/13/14	W 230			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 230	Continued From page 7 revealed 5 outcomes. Further review revealed all outcomes listed a completion date of 11/12/15. A review of Client #1's ISP program description information from the Agency's computerized system revealed "target completion date: 11/12/2015" for all 5 outcomes. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's projected outcome completion dates were not individualized and were for the entire ISP year. 2. A review of Client #2's ISP dated 2/27/15 revealed 7 outcomes. Further review revealed all outcomes listed a completion date of 2/26/16. A review of Client #2's ISP Program Description information printed from the Agency's computerized system revealed "target completion date: 2/26/16" for all 7 outcomes. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #2's projected outcome completion dates were not individualized and were for the entire ISP year.	W 230	QIDP will amend ISP outcome date for Client #1 and #2 to be more individualized. QA Manager will audit ISP outcome dates for the other individuals at [REDACTED] to identify whether or not the outcome dates are individualized. QIDP will amend ISP outcome dates for the other individuals, if necessary. QA audit tool will be developed to be utilized by QIDP, with review from the Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A grid will be developed and used to monitor the progress of each individual's outcomes on a monthly basis. ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly. QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	10/16/15 10/19/15 10/26/15 10/31/15 Ongoing Ongoing	
W 231	483 440(c)(4)(ii) INDIVIDUAL PROGRAM PLAN	W 231			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 231	Continued From page 8 The objectives of the Individual program plan must be expressed in behavioral terms that provide measurable indices of performance. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure goals provided measurable indices of performance for 2 of 2 sampled clients (Clients #1, #2). The findings included: 1. A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed the following goals "[Client #1] will pay [sic] for items of his choosing and for services rendered to him with hand over hand assistance from his staff and verbal prompting... [Client #1] will visit places in his community and the surrounding areas such as parks, museums, music events, local attractions, old friends and sporting events... [Client #1] will receive hand over hand assistance from staff on his ADL's (Activities of Daily Living) (oral hygiene, bathing/showering, toileting) daily." Further review revealed the goals did not describe how success would be determined. Continued review revealed no indication of what behaviors would indicate success when paying for items, when participating in the community or when bathing/showering. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's goals did not specify the behaviors Client #1 needed to exhibit in order to achieve success. Continued interview confirmed Client	W 231	QIDP will amend ISP outcomes for Client #1 and #2 to reflect outcomes in measurable terms. QA Manager will audit ISP outcomes for the other individuals at [REDACTED] Identify whether or not the outcomes are written in measurable terms QIDP will amend ISP outcomes for the other individuals, if necessary QIDP will ensure going forward that ISP outcomes are written in measurable terms. QA audit tool will be developed to be utilized by QIDP, with review from the Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met. A tool will be developed and used to monitor the progress of each individual's outcomes on a monthly basis. ISP's & outcomes will be presented to & discussed with the IDT, which meets monthly QA Manager will conduct periodic audits of at least 25% of all individuals ISP's	10/16/15 10/19/15 10/26/15 Ongoing 10/31/15 Ongoing Ongoing	

FORM CMS 2567(02-99) Previous Versions Obsolete

Event ID: EX0911

Facility ID: TNP53806

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 231	Continued From page 9 #1's goals were not able to be measured. 2. A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed the following goals "[Client #2] will participate in shower activities with hand over hand and/or minimal assistance... [Client #2] will pay for items he chooses and his haircuts monthly with hand over hand assistance from staff... [Client #2] will visit places in the community he likes such as the zoo, park, malls, restaurants, music events and current attractions... [Client #2] will increase his present level of functioning by putting his empty Boost can after each meal/snack into the trash can without staff prompting..." Continued review revealed no indication of the number or percentage of trials required to achieve success. Further review revealed no indication of what behaviors Client #2 needed to exhibit in order to achieve success during showering, paying for items, when participating in community activities or when placing items in the trash. During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #2's goals did not specify the behaviors Client #2 needed to exhibit in order to achieve success. Continued interview confirmed Client #2's goals did not indicate the number or percentage of trials required to achieve success and were not able to be measured.	W 231			
W 234	463.440(c)(5)(i) INDIVIDUAL PROGRAM PLAN Each written training program designed to implement the objectives in the individual program plan must specify the methods to be	W 234	QIDP will rewrite staff instructions for Client #1 & #2 so that clear directions on how to implement the teaching strategies are provided	10/16/15	

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Facility ID TNP5080

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 234	<p>Continued From page 10 used. This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure the training program provided clear directions on how to implement teaching strategies for 2 of 2 sampled clients (Clients #1, #2).</p> <p>The findings included:</p> <p>1. A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed the following goals "[Client #1] will pay (sic) for items of his choosing and for services rendered to him with hand over hand assistance from his staff and verbal prompting... [Client #1] will visit places in his community and the surrounding areas such as parks, museums, music events, local attractions, old friends and sporting events... [Client #1] will receive hand over hand assistance from staff on his ADL's (Activities of Daily Living) (oral hygiene, bathing/showering, toileting) daily."</p> <p>A review of Client #1's ISP Program Description report dated 11/12/14 revealed staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goal. Continued review revealed there was no information about Client #1's responsibility for identifying money when paying the cashier, what skills to encourage in the community or what body parts Client #1 was required to wash.</p> <p>During an interview with the Program Director (who was the previous Qualified Intellectual Disabilities Professional) in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's staff instructions were not written</p>	W 234	<p>Continued from page 10</p> <p>QA Manager will audit staff instructions for the other individuals at [REDACTED] to identify whether or not the staff instructions provide clear directions on how to implement the teaching strategies</p> <p>QIDP will rewrite the staff instructions for the other individuals, if necessary</p> <p>QIDP will ensure going forward that staff instructions are outlined & written in objective terms so that trial repeatability is ensured among all staff</p> <p>QA audit tool will be developed to be utilized by QIDP, with review from the Program Director, 30 - 45 days prior to each individual's ISP effective date to ensure this standard has been met.</p> <p>QA Manager will conduct periodic audits of at least 25% of all individuals staff instructions</p>	<p>10/19/15</p> <p>10/26/15</p> <p>Ongoing</p> <p>10/31/15</p> <p>Ongoing</p>

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 234	Continued From page 11 clearly, which could affect the consistency of implementation. 2. A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed the following goals: "Client #2] will participate in shower activities with hand over hand and/or minimal assistance... [Client #2] will increase his tolerance to his oral hygiene care with the assistance of familiar staff.. [Client #2] will visit places in the community he likes such as the zoo, park, malls, restaurants, music events and current attractions .." A review of Client #2's ISP Program Description report dated 2/2/15 revealed the report contained staff instructions for implementing ISP goals. Further review revealed the instructions did not provide clear directions for staff on how to implement the goals. Continued review revealed there was no information explaining which body parts should be washed, the order body parts should be washed, or which quadrants of Client #2's mouth should be brushed. Further review revealed there were no staff instructions for implementing Client #2's community participation goal. During an interview with the Program Director in the facility conference room on 9/17/15 at 10:30 am, she confirmed Client #1's staff instructions were not written clearly, which could affect the consistency of implementation	W 234			
W 239	483.440(c)(5)(vi) INDIVIDUAL PROGRAM PLAN : Each written training program designed to implement the objectives in the Individual program plan must specify provision for the appropriate expression of behavior and the	W 239	QIDP will review and add appropriate behavioral goals into the ISP for Client #1	10/19/15	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
WV 239	Continued From page 12 replacement of inappropriate behavior, if applicable, with behavior that is adaptive or appropriate.	WV 239	QIDP will review the ISP's for the other individuals residing at [REDACTED] to identify any replacement behavior goals that need to be added to the ISP	10/26/15	
	This STANDARD is not met as evidenced by. Based on record review and interview, the facility failed to provide a training program to replace inappropriate behaviors exhibited by 1 of 2 sampled clients (Client #1).		QIDP will ensure going forward that replacement behavior goals, when applicable, are ongoing incorporated into the individuals ISP	Ongoing	
	The findings included A review of Client #1's Behavior Support Plan 2014-2015 Annual Review revealed "...Target Behaviors: Verbal Aggression: uses profanity...Physical Aggression ..forceful grabbing of arms...Noncompliance ..refuses to follow staff instructions for critical tasks..." Further review revealed "Replacement Behaviors: Functional Communication Training ..to promote speech as an alternative to problem/target behaviors...Reinforcement for Compliance with Unpreferred Tasks...to provide opportunities for reinforcement to [Client #1] when he complies with unpreferred tasks...Engagement...to assist [Client #1] with keeping busy in functional activities to reduce the opportunities for target behaviors to occur."		QA Manager will conduct periodic audits of at least 25% of all individuals ISP's and goals	Ongoing	
	A review of Client #1's Individual Service Plan (ISP) dated 11/13/14 revealed there were no goals designed to replace Client #1's target behaviors (verbal and physical aggression, noncompliance) with appropriate behaviors. Further review revealed the replacement behavior suggestions listed in the 2014-2015 Behavior Support Plan were not mentioned in the ISP.				

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STATEMENT OF DEFICIENCY AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: A4G106	(X2) MULTIPLE CONSTRUCTION A. D. BUILDING B. WING	(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS CITY, STATE, ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 239	Continued From page 13 During an interview with the Behavior Analyst (BA) in his facility office on 9/17/15 at 12:20 pm, the BA confirmed he wrote suggestions for Client #1's replacement behavior goals, but did not write goals for the ISP. Further interview confirmed replacement behavior goals should have been included in the ISP.	W 239		
W 262	483 440(f)(3)(i) PROGRAM MONITORING & CHANGE The committee should review, approve, and monitor individual programs designed to manage inappropriate behavior and other programs that, in the opinion of the committee, involve risks to client protection and rights This STANDARD is not met as evidenced by: Based on a review of medical records, Human Rights Committee (HRC) meeting minutes, and interview, the facility failed to ensure HRC reviewed and approved the use of dental sedation for 2 of 2 sampled clients sampled (Clients #1 and #2). The findings included: 1. A review of Client #1's medical records revealed "Consultation Form. Appointment Date Time: 6/17/14...Reason for Appointment: Client will be getting a total extraction procedure note. s/p (status post) removal of remaining teeth under general anesthesia." A review of the HRC meeting minutes revealed no documentation of an HRC discussion or	W 262	A medical appointment protocol form has been developed by the nursing department to assist with identifying when sedation will be used for an individual's medical treatment. Nursing Department will distribute and in-service staff on the form Administrative staff involved in ICF program were inserviced on the HRC regulations & requirements QA Manager will audit the HRC records for other individuals residing at [REDACTED] to ensure proper consents have been obtained Agency HRC designee will obtain consents and approvals for other individuals, if necessary QA Manager will conduct periodic audits of at least 25% of all individuals HRC	10/8/15 10/26/15 10/8/15 10/19/15 10/31/15 Ongoing

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G106	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ D WING _____		(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
W 262	<p>Continued From page 14</p> <p>approval for the use of general anesthesia during Client #1's dental procedure. Records were requested from the HRC Chairperson on 9/16/15 at 8:30 am and were unable to be located prior to the conclusion of the survey.</p> <p>During an interview with the HRC Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed the HRC did not meet to discuss and approve the use of general anesthesia for Client #1's dental procedure</p> <p>2. A review of Client #2's Individual Service Plan (ISP) dated 2/27/15 revealed "[Client #2] had two dental appointments with [named provider] and his periodic exams were done under IV [intravenous] sedation without complications."</p> <p>A review of HRC meeting minutes revealed no documentation of a meeting to discuss and approve the use of IV sedation for Client #2's dental appointments. Records were requested from the HRC Chairperson on 9/16/15 at 8:30 am and were unable to be located prior to the conclusion of the survey.</p> <p>During an interview with the Human Rights Committee (HRC) Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed the HRC did not meet to discuss and approve Client #2's IV dental sedation.</p>	W 262			
W 312	<p>483.450(e)(2) DRUG USAGE</p> <p>Drugs used for control of inappropriate behavior must be used only as an integral part of the client's individual program plan that is directed specifically towards the reduction of and eventual elimination of the behaviors for which the drugs</p>	W 312	<p>ICF Nurse Manager & Director of Nursing spoke to administering physician for the Ketamine. Ketamine was removed from the home of Client #1</p>		10/8/15

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Facility ID TNP53806

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44G106	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 09/17/2015
NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 312	Continued From page 15 are employed. This STANDARD is not met as evidenced by: Based on a review of the Human Rights Committee (HRC) meeting minutes, medical records and interview, the facility failed to ensure drugs for behavior management were not prescribed on an as needed (PRN) basis for 1 of 2 sampled clients (Client #1). The findings included: A review of the HRC meeting minutes dated 4/28/15 revealed "Purpose of the Review...Review of medication given only by PCP (primary care physician) during procedures that may cause agitation." Further review revealed "Psychotropic Medication Review...Name of Medication...Ketamine...Purpose, prevent injury from agitation." A review of Client #1's Annual Physical evaluation dated 9/17/14 revealed "...Med (medication) list...Ketamine...injectable solution...administered by MD (Doctor of Medicine)" During an interview with the HRC Chairperson in her facility office on 9/17/15 at 8:20 am, she confirmed PRN drugs for altering behavior were approved by the HRC due to Client #1's anxiety and aggression during routine medical procedures.	W 312	Administrative staff involved in ICF program were in-serviced on the HRC regulations & requirements regarding no PRN meds being prescribed for behavioral management QA Manager will audit the HRC records for other individuals residing at [REDACTED] to ensure no PRN meds for behavior management are in place QA Manager will conduct periodic audits of at least 25% of all individuals HRC records	10/6/15 10/19/15 Ongoing	
W 322	483.160(a)(3) PHYSICIAN SERVICES The facility must provide or obtain preventive and general medical care.	W 322	A medical appointment protocol form has been developed by the nursing department to assist with identifying when follow up medical treatment has been noted	10/8/15	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 322	Continued From page 16 This STANDARD is not met as evidenced by: Based on a review of facility incident reports, investigation summaries and interview, the facility failed to ensure a client received follow-up services from his Primary Care Physician for 1 unsampled client (Client #3). The findings included: A review of a Reportable Incident form for unsampled Client #3 revealed "Date of Incident: 4/28/15". Further review revealed "PCP [Primary Care Physician] gave orders to send Client #3 to [named hospital] Emergency Room". Further review revealed Client #3 was taken to the emergency room and diagnosed as having a "facial contusion with hematoma". Continued review revealed Client #3 was discharged with instructions to "follow-up with his PCP in 2 days (5/1/15)". A review of an investigation summary written by the West Tennessee Office of the Department of Intellectual and Developmental Disabilities dated 7/27/15 revealed "The 4/29/15 ER [Emergency Room] discharge summary indicated that [Client #3] should have followed up with his PCP in 2 days. However, he did not see his PCP until 5/20/15." During an interview with the Administrative LPN (Licensed Practical Nurse) in her facility office on 9/17/15 at 1:30 pm, she confirmed Client #3 was not seen by his PCP until 5/20/15, which was 21 days after the ER visit.	W 322	Nursing Department will distribute and in service staff on the form ICF Nurse Manager will ensure going forward that any recommended follow up to medical treatment or appointments has been completed within the recommended time frame ICF Nurse Manager will audit the medical records for other individuals residing at [REDACTED] to ensure proper follow up of medical related issues was completed QA Manager will conduct periodic audits of at least 25% of all individuals medical records	10/26/15 Ongoing 10/31/16 Ongoing
W 323	483.460(a)(3)(i) PHYSICIAN SERVICES	W 323		

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
W 323	Continued From page 17	W 323	ICF Nurse Manager will ask PCP to assess current hearing acuity on Client #1	10/16/15
	The facility must provide or obtain annual physical examinations of each client that at a minimum includes an evaluation of vision and hearing.		ICF Nurse Manager will review medical records for the other individuals residing at [REDACTED] identify whether or not an annual hearing assessment has been completed	10/19/15
	This STANDARD is not met as evidenced by: Based on medical record review and interview, the facility failed to ensure an annual hearing assessment was completed for 1 of 2 sampled clients (Client #1).		ICF Nurse Manager will schedule appointments for individuals to have annual hearing assessment, if necessary	10/26/15
	The findings included		ICF Nurse Manager, going forward will ensure that a referral is made for a specialist if deemed necessary per the individuals diagnoses, ICF Nurse Manager will also ensure that PCP clearly states that assessment was completed & clearly states what indicators were used to determine the findings.	Ongoing
	A review of Client #1's Speech, Language and Oral Motor Annual Re-Evaluation dated 10/17/14 revealed "Background Information...Mild to moderate high frequency hearing loss."		IDT meets monthly to review & discuss each individual, including their medical issues and needs	Ongoing
	A review of Client #1's annual physical, dated 9/17/14 revealed "Hearing and vision adequate for needs of patient as assessed by using history, physical exam and judgement based on knowledge and experience." Further review revealed the physical exam did not include a description of Client #1's hearing status		QA Manager will conduct periodic audits of at least 25% of all individuals medical records	Ongoing
	During an interview with the Administrative Licensed Practical Nurse (ALPN) in the facility conference room on 9/17/15 at 10:00 am, the ALPN confirmed Client #1 was not seen by an Audiologist and his annual hearing assessment was conducted by the Primary Care Physician (PCP) during his annual physical.			
	During a telephone interview with Client #1's Primary Care Physician (PCP) in the facility conference room on 9/17/15 at 11:30 am, he confirmed the annual physical did not include a			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 323	Continued From page 18 description of Client #1's ability to hear. During continued interview the PCP confirmed staff members require information about a client's hearing in order to provide programming. Further interview revealed the PCP was unaware Client #1 was diagnosed with a mild to moderate high frequency hearing loss.	W 323			
W 339	463.480(c)(4) NURSING SERVICES Nursing services must include other nursing care as prescribed by the physician or as identified by client needs. This STANDARD is not met as evidenced by: Based on observation and interview, facility nursing staff failed to confirm the placement of a percutaneous endoscopic gastrostomy (PEG) tube prior to administering routine medications for 1 of 2 sampled clients (Client #1). The findings included: During a medication pass observation in Client #1's bedroom on 9/15/15 at 5:15 pm, Nurse #1 administered at least 6 ounces of water mixed with crushed medication into Client #1's PEG tube. Nurse #1 did not check the placement of Client #1's PEG tube prior to medication administration. During an interview with Nurse #1 in Client #1's bedroom on 9/15/15 at 5:20 pm, Nurse #1 confirmed she did not check Client #1's PEG tube placement prior to administering his medications. When asked how she determined if the PEG tube placement was correct, Nurse #1 stated she had checked the PEG tube placement during the 2	W 339	Staff involved in not confirming placement of PEG tube for Client #1 received a verbal consultation. Staff is also receiving in-service retraining materials from the Nursing Department that will be competency based. Nursing Department will conduct unannounced supervisory visit to [REDACTED] Nursing Department will be conducting regular, at least quarterly, in-service trainings on various nursing related topics to all nurses within the agency.	10/31/15 10/31/15 Ongoing	

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]	
(K4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(K5) COMPLETION DATE
W 339	Continued From page 19 pm medication pass (over 3 hours earlier). During an interview with the Administrative Licensed Practical Nurse (ALPN) in the facility conference room, the ALPN confirmed Client #1's PEG tube placement should be checked prior to every medication administration, as per standard nursing practice.	W 339		
W 488	483.480(d)(4) DINING AREAS AND SERVICE The facility must assure that each client eats in a manner consistent with his or her developmental level. This STANDARD is not met as evidenced by: Based on observation, record review, and interview, the facility failed to ensure clients were included in meal preparation, meal service and cleanup for 2 of 2 sampled clients (Client #1 and #2). The findings included: An observation in the kitchen of the home on 7/15/16 at 3:50 pm revealed Direct Support Professional (DSP) #1 cooking dinner in the kitchen alone, while talking with Clients #2 and #3 (seated adjacent to the kitchen in their wheelchairs). Client #1 was in his bedroom on his computer. Further observation revealed no clients participated or were encouraged to participate in meal preparation activities. Continued observation in the dining room of the home at 4:30 pm revealed the Home Manager (HM) setting the table alone. No clients participated or were asked to participate in table setting activities. Continued observation in the dining	W 488	QIDP will observe mealtime activities for each individual residing at [REDACTED] to ensure that the individual participates in a manner consistent with his or her developmental level. QA Manager will conduct periodic home audits for all the individuals. QIDP will provide feedback to the staff in the home as needed based on observations made.	Ongoing Ongoing ongoing

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 488	<p>Continued From page 20</p> <p>room of the home at 5:05 pm revealed DSP #1 served all clients pre-plated meals. None of the clients participated or were asked to participate in meal service activities. Continued observation in the dining room of the home at 5:40 pm revealed the HM removed Client #2's plate from the table; took it to the kitchen and rinsed it. Client #2 did not participate and was not encouraged to participate in meal clean-up activities. Continued observation at 6 pm revealed Nurse #1 removed Client #1's plate from the table; took it to the kitchen and rinsed it. Further observation revealed Nurse #1 returned to the dining room and cleaned Client #1's table area. Client #1 did not participate and was not encouraged to participate in meal clean-up.</p> <p>An observation in the dining room of the home on 7/16/15 at 7:30 am revealed the HM served all clients pre-plated meals. Continued observation at 8:10 am revealed the HM removed Client #2's (un-eaten) breakfast from the table and placed it in the refrigerator. Continued observation at 8:30 am revealed Nurse #2 cleaned Client #1's table area and took his plate to the kitchen. Clients #1 and #2 did not participate and were not encouraged to participate in meal service or meal clean-up activities.</p> <p>During an interview with DSP #1 in the kitchen of the home on 7/15/15 at 3:50 pm DSP #1 stated Client #1 usually discusses meal preparation with her, but neither Client #1 or #2 participate in meal preparation activities.</p> <p>During an interview with the HM in the dining room of the home on 7/15/15 at 5 pm, the HM confirmed Client #2 does not assist with table setting.</p>	W 488			

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NAME OF PROVIDER OR SUPPLIER [REDACTED]			STREET ADDRESS, CITY, STATE, ZIP CODE [REDACTED]		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
W 488	Continued From page 21 During an interview with DSP #1 in the kitchen of the home on 7/15/16 at 6 pm, DSP #1 confirmed Client #1 does not participate in meal clean-up activities.	W 488			

Proof of Publication

(published Wednesday, December 9, 2015)

Supplemental #1 -COPY-

**D&S RESIDENTIAL
SERVICES, LP (OLD STAGE
RD)**

CN1512-059

**December 23, 2015****State of Tennessee****Health Services and Development Agency****1:35 pm**Andrew Jackson Building, 9th Floor, 502 Deaderick Street,
Nashville, TN 37243**www.tn.gov/hsda** Phone: 615-741-2364/Fax: 615/532-9940

December 22, 2015

Robn Traugott

Director of Training and Development

D & S Residential Services, LP

8911 N. Capital of Texas Hwy, Building One, Suite 1300

Austin, Texas 78759

RE: Certificate of Need Application CN1512-059
D & S Services (1010 Old Stage Road, Greeneville, TN)

Dear Ms. Traugott:

This will acknowledge our December 11, 2015 receipt of your application for a Certificate of Need for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 1010 Old Stage Road, Greeneville (Greene County), Tennessee 37745.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Wednesday, December 23, 2015.

If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Applicant Profile, Item 4

It appears the applicant operates 4 ICF-IID homes in West Tennessee only. Please list the applicant's licensed facilities and services in Greene County.

RESPONSE: D&S is licensed by DIDD (License # L000000013999) to provide the following services in Greene County: (1) Adult Habilitation day; (2) Placement Services; (3) Respite Care services; (4) Supported Living; and (5) Personal Support Services. D&S has a Provider Agreement, currently contract no. 10-146, with DIDD and Department of Finance and Administration, Division of Health Care Finance and Administration for the provision of these services in East Tennessee, including Greene County. This contract number will change Jan. 1, 2016 to # 16-081-00.

The organizational structure is noted. Please provide an organizational structure that includes D & S Residential Services, LP.

RESPONSE: Corrected organizational structure chart provided in “Attachment 1 (Section A (Applicant Profile), Item 4)”.

On the Org. Chart who are the general partners and limited partners for Comvest Investment Partners V and V-A?

RESPONSE: Comvest Investment Partners V, LP indirectly holds approximately 45.58% interest in D&S. The General Partner is Comvest V Partners, LP, which owns less than 5% interest in Comvest Investment Partners V, LP. There are multiple limited partners in Comvest Investment Partners V, LP with interests ranging from approximately 5% to .01%. Because Comvest Investment Partners V, LP holds only 45.58% interest in D&S, all of these limited partner investments result in less than 5% ownership interest in D&S.

Comvest Investment Partners V-A, LP indirectly holds approximately 54.42% interest in D&S. The General Partner is Comvest V Partners, LP, which owns less than 5% interest in Comvest Investment Partners V-A, LP. There are multiple limited partners in Comvest Investment Partners V-A, LP with interests ranging from approximately 4% to .01%. Because Comvest Investment Partners V-A, LP holds only 54.42% interest in D&S, all of these limited partner investments result in less than 5% ownership interest in D&S.

The list of ICF/IID homes owned by the applicant on pages 85-86 is noted. Please revise the table to include the number of licensed beds for each home.

RESPONSE: Corrected facility chart to include number of licensed beds for each home provided in “Attachment 1 (Section A (Applicant Profile), Item 4)”

2. Section B, Project Description, Item I.

What is a triple-net lease agreement?

RESPONSE: Triple-net lease is a term used for a lease agreement that designates the lessee as being responsible for the costs relating to the property being leased in addition to the rent fee applied under the lease. The term “triple-net lease” was used to describe the lease agreement between D&S and Scioto Properties, LLC because their lease will obligate Scioto Properties (lessor) to construct the ICF/IID home in accordance with the parties’ Development Agreement. Under the lease, D&S (lessee) is responsible for the cost of maintaining and operating the home, including responsibility for utilities (such as water, sewer, electric, heating, gas, telephone, trash removal), maintenance and repairs (including HVAC system, pest control, repairs and maintenance of internal and external structure that include grounds, landscaping, sidewalks, parking areas, and driveways), real and personal property taxes, insurance coverage (including commercial property insurance, liability insurance, professional liability insurance, and personal property insurance), regulatory compliance expenses (building/fire code, ordinances), and any necessary modifications and additions that D&S makes to the property.

Please clarify if the service area is Greene County only.

RESPONSE: This proposed ICF/IID home will be built in Greene County and is intended to serve individuals who are current residents of Greene County (at Greene Valley Development Center). Therefore, the proposed service area for this application is Greene County.

Please clarify the location of D & S's current four ICF/IID homes.

RESPONSE:

License No.	Name	Street Address	City, State, Zip	# of Beds	Type of License
L000000014122	Darolyn	2803 Darolyn St	Bartlett, Tennessee 38134 SHELBY COUNTY	4	ICF
L000000014119	Egypt Central	3783 Egypt Central	Memphis, Tennessee 38128 SHELBY COUNTY	4	ICF
L000000014121	James Road	3131 James Rd	Memphis, Tennessee 38128 SHELBY COUNTY	4	ICF
L000000014120	Old Allen	3432 Old Allen Road	Memphis, Tennessee 38128 SHELBY COUNTY	4	ICF

In the Project Cost section it is noted the applicant states the cost of construction for the proposed 4 bed ICF/IID home, including any expenses, fees, and property costs is \$827,655. However, this is total project cost. Please clarify.

RESPONSE: This response should be corrected to state that the cost of construction for the proposed 4-bed ICF/IID home is \$841,151. This amount is calculated as follows.

Please note that the building costs have been updated since submission of the application. Costs solely for building the home are proposed to be \$594,685 and the site work has been adjusted to be \$150,758. The change in these costs is due to adjustments in estimates provided by contractors.

Arch	13,333
Civil Engineering	
	8,625
Survey	
	2,800
GeoTech	
	2,450
Builders Risk	
	3,500
Land	65,000
Site Work	150,758
Building	594,685
Project Total	841,151

A development fee of 5% is noted. However, please clarify how this is calculated.

Arch	13,333
Civil Engineering	8,625
Survey	2,800
GeoTech	2,450
Builders Risk	3,500
Land	65,000
Site Work	150,758
Building	594,685
Project Total	841,151
Development Fee (5% of \$841,151)	42,058

What State of Tennessee agency is responsible for the Home and Community-Based Services (HCBS) Waiver programs?

RESPONSE: Under the administration of the Tennessee Department of Finance and Administration, Tennessee's single State Medicaid agency, the Bureau of TennCare, oversees waivers for home and community-based services (HCBS). The Division of Long-Term Services and Supports within the TennCare is directly responsible for administration and oversight of HCBS waivers for persons with intellectual disabilities. TennCare has established a contractual relationship with DIDD which makes DIDD responsible for daily operations of HCBS waiver programs for persons with intellectual disabilities.

What State agency is contracted to operate the HCBS waiver programs?

RESPONSE: The Department of Intellectual and Developmental Disabilities (DIDD) serves as the Operational Administrative Agency for this waiver, which is administered under the oversight of the Bureau of TennCare.

Please provide an overview of the role of the Bureau of TennCare, TennCare Contracted Managed Care Companies, and the Department of Intellectual and Developmental Disabilities in the administration of HCBS waiver programs and Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs).

RESPONSE: For HCBS, the Bureau of TennCare, oversees waivers for HCBS. TennCare contracts with DIDD for DIDD to provide daily operations of HCBS waiver programs (including survey and inspection of licensed homes). Providers who participate in HCBS waiver programs execute a contract with TennCare and DIDD and are paid by TennCare. Medicaid Managed Care companies do not cover payment of HCBS waiver services. For ICF/IIDs, TennCare, as the Medicaid agency, provides a per

diem rate that covers all services provided by an ICF/IID home. Medicaid Managed Care companies do not cover payments for ICF/IID services.

Please discuss in detail the activities of a typical day for a resident of an ICF/IID home.

RESPONSE: Routines will vary by people residing in the home based on their choice and their needs. That being said, a 'typical' day may resemble the following schedule:

- Upon waking up - getting dressed and ready for the day.
- Eats breakfast or receives feedings as applicable
- Receives medications as applicable (may be before or after breakfast depending on Physicians Orders)
- Oral hygiene care
- Toileting/changing as necessary
- Household chores as applicable
- Positioning on to equipment (as applicable and in accordance with ISP)
- Activities/outcomes as outlined in ISP
- Therapies as outlined in the ISP
- Community activities in accordance with ISP
- Eats lunch or receives feedings as applicable
- Receives medications as applicable (may be anytime throughout day depending on Physicians Orders)
- Oral hygiene care
- Toileting /changing (as necessary throughout the day)
- Working on outcomes as outlined in the ISP
- Positioning on to equipment (as applicable throughout the day in accordance with ISP)
- Possible additional community activities in accordance with ISP
- Prep for dinner
- Eats dinner or receives feedings as applicable
- Receives medications as applicable (may be anytime throughout day depending on Physicians Orders)
- Oral hygiene care
- Shower/bath (unless prefers to complete in the morning)
- Participates in leisure time activities of their choice
- Bedtime

The applicant has stated that the Greene Valley Development Center (GVDC) is scheduled to close on June 30, 2016. In the Project Completion Forecast Chart the applicant has indicated that the home will be ready to initiate services in July 2016. If GVDC closes on June 30, 2016, and there are building delays where will the four individuals expected to transfer to this home reside in the interim? Will the interim arrangements cover any unforeseen delays in permitting and opening of the facility or are the arrangements for interim care of the individual's time sensitive? Please clarify.

RESPONSE: Based on representation from DIDD: "The June 30, 2016 date specified in the closure agreement has not changed. The State expects that providers selected by persons transitioning out of GVDC are working expeditiously to establish homes in order to accommodate a timely transition. However, recognizing the potential for weather or other delays beyond providers' control, the State's closure agreement includes two potential periods of extension that can be exercised as needed, each 6 months in duration. In the event that the construction of any of the selected ICF settings is not complete until after the announced date of closure for GVDC, persons would not be

subject to multiple transitions, but would continue to reside at GVDC until such time as the homes are completed.”

3. Section B. (Plot Plan)

Your response is noted. How is the lot presently zoned? Please revise the plot plan in the attachment by labeling the location of the proposed ICF/IID home subject to this application.

RESPONSE: The property is zoned as B-4, which allows a residential use. The lot is zoned as R-1 Low Density Residential. Per Tennessee Code Annotated § 13.24-102 that “[f]or the purposes of any zoning law in Tennessee, the classification "single family residence" includes any home in which eight (8) or fewer unrelated persons with disabilities reside, and may include three (3) additional persons acting as support staff or guardians, who need not be related to each other or to any of the persons with disabilities residing in the home.” For labeled plot plan, please see **Attachment 1 (Section A (Applicant Profile), Item 4)**.

The plot plan on page 234 of the application is noted. Please submit a larger legible copy.

RESPONSE: See **Attachment 1 (Section A (Applicant Profile), Item 4)**

Tennessee Code Annotated 33-2-418 (a) indicates that “The department shall not license more than two (2) such residential facilities within five hundred yards (500 yds.) in any direction from other such facilities housing persons served. All set-back requirements applicable to lots where such facilities are located shall apply to such residential facilities.” Please describe how the proposed residential facility will comply with this requirement.

RESPONSE: The ICF/IID home to be located on this plot, 1010 Old Stage Road, Greeneville, TN, will not be built within 500 yards in any direction from other such facilities housing persons served. The nearest ICF/IID home is approximately 1.5 miles from this lot and is located at 102 Dyer St., Greeneville, TN 37745.

4. Section B. (Floor Plan)

Where will a resident receive services identified in the project description such as physical, occupational, and behavioral therapies?

RESPONSE: Services discussed in the project description, such as physical, occupational, and behavioral therapies, can be provided either onsite or in one of the secondary locations as listed below. The exact location, if onsite, would be determined by type of therapy needed. It could be provided in bedroom, bathroom, dining room, or other common areas.

- Dr. Gaffney DPM, Angela Johnson FNP (wound care and gastro)
- Church Street Pavilion: Karen Lane and Robin Bell (mental health)
- Nolachuckey Mental Health (behavioral health)
- Summit View Nutrition
- Pro-Care SLP (speech therapy)
- Pro-Care Physical Therapy (physical therapy)
- Greeneville Eye Care Center (eye care)
- Watauga Behavioral Health (behavioral health)

5. Section B. II.A

It is noted the land cost is based on half the cost of the 4.16 acre lot. What is planned for the other half of the lot?

RESPONSE: The proposed home will be located at 1010 Old Stage Road, Greeneville, TN 37745 on a 2.086 acre lot. The entire lot will be dedicated to this project. Reference to the 4.16 acre lot is tied to the other to CON Applications that D&S has submitted for 2619 and 2609 Erwin Highway, Afton, TN. (CN1512-061 and CN1512-060)

It is noted the cost PSF of this project is \$233.50 and the other two proposed D & S projects on Erwin Hwy, Afton, TN are \$195 PSF. Why is there a difference in the two?

RESPONSE: Based on revisions to the anticipated costs PSF, this property's costs PSF is expected to be \$240.33 (based on project cost, see Item 11 below) / \$171.40 (based on building costs, see Item 11 below). The costs for 2619 and 2609 Erwin Highway, Afton, TN (CN1512-061 and CN1512-060), similarly calculated, are expected to be \$203.63 / \$170.75 each. The differences in cost PSF are primarily based on the difference in price of land, with Old Stage Road being higher, and cost savings for engineering and site work due to the efficiencies gained by constructing the two homes together at Erwin Highway.

Why did the 2.086 acre lot cost \$65,000 for the proposed project while the other proposed D & S projects on Erwin Hwy, Afton, TN cost \$22,500 for the same amount of land?

RESPONSE: The lot selection for Old Stage Road was selected because of its current zoning, lower site development cost, access to public utilities. Other properties visited and researched were in a flood zone, zoned against the proposed use, too far from the Erwin Highway site, or had unreasonable site costs. Those sites were eliminated for those reasons. The lot is located within the city limits of Greeneville and is on the public sanitary sewer system. The market information at the time of the sale indicated that other lots of suitable size in the immediate vicinity were listed for \$100,000 more.

**6. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities)
Need A.1 and A.2**

It is noted the applicant states the project does not involve the development of new ICF/IID beds. However, the 4 beds proposed to this application is subject to the 160 bed pool per year per T.C.A. §71-5-105 (b) for new ICF/IID beds. Please confirm that approval of the application will be subject, in part, to availability of beds from the 160 bed pool.

RESPONSE: This response is being amended to state that the proposal is subject to the remaining pool of available beds for new ICF/IID developments. DIDD has confirmed that there is sufficient available of beds within this pool to meet D&S' proposed beds as well as those of all other expansion currently under development.

The applicant calculated the bed need by using an out of date population of 70,520 for Greene County. Please revise the calculation using the updated population of 71,945 for Greene County.

RESPONSE: Based on a population of 71,945, using the need based estimate of .032%, the need in Greene County is calculated to be 23 beds.

In A.2 on page 25 in the first paragraph of the response, the applicant states the 16 East Tennessee ICF/IID homes are not taken into account in the need calculation. However, the applicant already accounted for the 64 ICF/IID homes in the first sentence (included in the Greene County 84 ICF/II beds) of the paragraph. Please clarify.

RESPONSE: The intent of this statement was to explain that while the need calculation for ICF/IID beds (multiplying population by .032%) resulted in an apparent need for 23 beds, and 64 beds currently operate in Greene County (Comcare and East Tennessee Homes), the closure of GVDC creates a need for additional beds, which this proposal is seeking to meet. Please disregard the identified sentence.

**7. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities)
Need C.4, Section C. Economic Feasibility 9.**

Please provide the estimated dollar amount of revenue and percentage of total project revenue anticipated from TennCare. What is the percentage of the total project revenue that will represent SSI income of the residents?

RESPONSE: The total projected revenue is estimated to be approximately 96% TennCare and 4% SSI.

8. Section C. (Need) Item 1 (Specific Criteria- ICF/IID Facilities)

The Tennessee Code Annotated Title 33; Title 68, Chapter 11 and Section 71-5-105(b)(2) states "Only providers that have been providing services to persons with developmental disabilities under contract with the state for at least five (5) years shall be eligible to apply for these new beds." Please describe the services and the number of years which the applicant has provided each service through contract(s) with the state of Tennessee to persons with developmental disabilities.

RESPONSE: D&S has provided the following services in Tennessee under contract with the state for at least five years:

- **Supported Living Homes:** Residential support and services are provided to assist people to acquire, retain or improve skills needed to reside in a community based setting (3 or less housemates). D&S has been providing these services since 2001 (for 14 years).
- **Day Services:** Support and services are provided to assist people to acquire, retain, and improve skills in areas of self-care, sensory motor development, socialization, daily living skills, communication, community living, employment and social skills. Day Services can be delivered in a variety of locations and styles based on the person's individual needs and desires. D&S has been providing these services since 2001 (for 14 years).
- **Respite Services:** Services that provide relief for unpaid caregivers. D&S has been providing these services since 2001 (for 14 years).

- **Family Based Model:** Residential support and services are provided in a home of a trained caregiver who is not a family member. Support and services are provided to assist the person to acquire, retain, or improve skills needed to successfully reside in a family environment. D&S has been providing these services since 2008 (for 7 years).

9. Section C, Need, Item 4.A.

Please provide the following information using the most recent population tables.

RESPONSE:

	Greene County	State of TN Total
CY, Total Population	70,520	6,649,438
PY, Total Population	71,989	6,894,997
Total Pop. % Change	2.1%	3.7%
Median Age	42.6	38
Median Household Income	35,545	\$44,298
TennCare Enrollees	15,645	1,481,270
TennCare Enrollees as a % of Total Population	22.2%	22.3%
Population % Below Poverty Level	22%	17.6%

10. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)

Please provide a revised letter from the architect that addresses all the following:

- A) Please provide documentation from a licensed architect or construction professional:
- 1) a general description of the project, including size of facility
 - 2) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
 - 3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications, ADA, and licensing agencies' requirements including the newest AIA Guidelines for Design and Construction of Hospital and Health Care Facilities

RESPONSE: Please see Attachment 10 (Section C (Economic Feasibility), Item 1 (Project Cost Chart)).

Please clarify if an emergency generator is included in the Project Costs Chart.

RESPONSE: An emergency generator has been included in the project building costs provided to D&S by Scioto Properties and listed herein as \$594,685. As provided below, the Project Costs Chart, facility cost section, has been amended to reflect total

lease payments of \$920,696.34 as the facility cost because, in accordance with HSDA Rule 072-9-.01(4), the lease amounts for the initial 10 year term exceed the project construction costs.

Please clarify the reason there is a Contingency Fund expense of \$30,000 if the applicant will be leasing the building.

RESPONSE: The Contingency Fund is set aside for change orders and unforeseen events during construction. The Contingency Fund expense has been removed due to recalculation of the facility cost to reflect total lease payments. See **Attachment 10 (Section C (Economic Feasibility), Item 1 (Project Cost Chart))**. As provided below, the Project Costs Chart, facility cost section, has been amended to reflect total lease payments of \$920,696.34 as the facility cost because, in accordance with HSDA Rule 072-9-.01(4), the lease amounts for the initial 10 year term exceed the project construction costs.

Where are the home furnishings for the ICF/IID home accounted for in the Project Costs Chart?

RESPONSE: The Project Costs Chart has been modified to include \$25,981 for furnishings.

Please clarify how the applicant calculated a lease cost of \$873,661.

RESPONSE: The facility cost has been corrected in the Project Costs Chart, See **Attachment 10 (Section C (Economic Feasibility), Item 1 (Project Cost Chart))** to reflect \$920,696.34, as calculated below.

The lease amount is calculated based on project total, as follows with a 2% annual increase.

Arch	13,333
Civil Engineering	
	8,625
Survey	
	2,800
GeoTech	
	2,450
Builders Risk	
	3,500
Land	65,000
Site Work	150,000
Building	594,685
Project Total	841,151
Monthly Rent for	7,007
Year 1	

The total cost for a 10 year lease is calculated as follows:

	Annual Rent	Annual Increase Percentage	Following Year Increase Amount
Year 1	84,084.00	2%	\$1,681.68
Year 2	85,765.68	2%	\$1,715.31
Year 3	87,480.99	2%	\$1,749.62
Year 4	89,230.61	2%	\$1,784.61
Year 5	91,015.23	2%	\$1,820.30
Year 6	92,835.53	2%	\$1,856.71
Year 7	94,692.24	2%	\$1,893.84
Year 8	96,586.09	2%	\$1,931.72
Year 9	98,517.81	2%	\$1,970.36
Year 10	100,488.16		

**TOTAL for 10
 year lease with
 2% annual
 increase**

920,696.34

In accordance with HSDA Rule 072-9-.01(4), D&S has revised the Project Cost Chart to list the lease amounts for the initial 10 year term as the facility cost because such cost exceeds the project construction costs, calculated as follows:

Acquisition of Site (including survey and GeoTech)	70,250
Preparation of Site (including Arch and Civil Engineering)	171,952
Construction Costs	594,685
Contingency Fund	30,000
Total	\$ 866,887

11. Section C. (Economic Feasibility) Item 2 (Funding)

There are two questions on page 36 that are both labeled as #2. In addition, the numbering of questions is incorrect for page 37 also. Please correct and submit replacement pages.

RESPONSE: These pages have been corrected and resubmitted under **Attachment 11 (Section C (Economic Feasibility), Item 2 (Funding))**.

The letter from Cadence Bank for D & S's revolving credit is noted; however it does not include expected interest rates and does not specifically identify restrictions and conditions. Please provide a revised letter from the bank that addresses these items.

RESPONSE: See Attachment 11 (Section C (Economic Feasibility), Item 2 (Funding)).

If Scioto will be providing funding to construct the proposed project, what is the need for a revolving credit line for D & S? Please clarify.

RESPONSE: The revolving line of credit, along with financial documents that have been submitted by D&S, provides evidence that D&S has the financial ability to meet its financial obligations resulting from this project, including any expenses outlined in the project costs chart.

It is noted Scioto will be providing the funding to construct the proposed ICF/IID facility. Please provide appropriate documentation (letter) of funding (to Scioto) for the proposed project from a financial institution (on their letterhead) that identifies the expected interest rate, term of the loan, and any anticipated restrictions or conditions.

RESPONSE: Attachment 11 (Section C (Economic Feasibility), Item 2 (Funding)).

The November 23, 2015 from Scioto states construction cost is \$144.57 per SF. However, on the top of page 36 the applicant states the cost is \$233.50 per SF. Please clarify.

RESPONSE: In accordance with clarification that D&S has received from Scioto Properties, which included modification to the construction budget from \$560,000 to \$594,685 and adjustment of site work from \$157,000 to \$150,758, estimated costs per SF, based on the below project costs, is \$240.33. Based on building costs (including survey and GeoTech), the costs per SF is \$171.41. These costs are based on the following:

Arch	13,333
Civil Engineering	8,625
Survey	2,800
GeoTech	2,450
Builders Risk	3,500
Land	65,000
Site Work	150,758
Building	594,685
<u>Project Total</u>	<u>841,151</u>
Price Per SQFT based on Project Total (3500 SF)	240.33
Price Per SQFT – based on Building	171.41

Costs, which
include survey and
GeoTech (3500 SF)

12. Section C. (Economic Feasibility) Item 3

Please compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: See Attachment 12 (Section C (Economic Feasibility), Item 3).

13. Section C. (Economic Feasibility) Item 4 (Projected Data Chart)

What is the unit of measure (i.e.-patient days) for line "A. Utilization Data" in the Projected Data Chart?

RESPONSE: The unit of measurement is patient days.

It appears the lines of the Projected Data Chart are misaligned. Please correct and resubmit the Projected Data Chart.

RESPONSE: See Attachment 13 (Section C (Economic Feasibility), Item 4 (Projected Data Chart))

Where are the 4 resident's dietary meals accounted for in the Projected Data Chart?

RESPONSE: This is accounted for under "supplies" in the budget (Project Data Chart, Item D.3).

The Projected Data Chart shows no Provision for Charity Care, Bad Debt, or Contractual Allowances. Please explain.

RESPONSE: No bad debt is expected because services will be reimbursed by TennCare. Because this home will be occupied by current residents of GVDC, whose care is covered by Medicaid, provision of charity care is not expected.

Please explain why there are no expenses budgeted for Supplies.

RESPONSE: This is accounted for under "supplies" in the budget (Project Data Chart, Item D.3).

Please explain why a break-even scenario was utilized such that there is no net operating income in either Year 1 or Year 2 of the project. Shouldn't there be plans for some net operating income to reinvest for the upkeep of the home?

RESPONSE: D&S pays cash for capital expenditures; therefore, no interest expense is incurred. D&S does not expect to retire any assets in the first two years of operation.

December 23, 2015

1:35 pm

Please resubmit the Projected Data Chart beginning Year One in July 2016 (Fiscal) instead of January 2016 (Calendar).

RESPONSE: The Projected Data Chart has been revised to note that the figures for 2016 are based on October 2016 (date services are expected to begin, per the revised Project Forecast Chart) through December 2016. D&S' operates on a Fiscal Year beginning January and the figures for 2017 reflect this FY.

Please complete the Net Operating Income (loss) and Net Operating Income (loss) less Capital Expenditures lines and resubmit.

RESPONSE: D&S pays cash for capital expenditures; therefore, no interest expense is incurred. D&S does not expect to retire any assets in the first two years of operation.

Please make the necessary corrections above and submit a revised Projected Data Chart.

RESPONSE: The revised Project Data Chart is attached as **Attachment 13 (Section C (Economic Feasibility), Item 4 (Projected Data Chart))**.

Administrative and Other Expenses in the amount of \$172,798 in Year One and \$353,143 in Year Two are noted. However, please be more specific and complete the following chart for Other Expenses.

RESPONSE: Description of expenses are provided below. Please note that the projected data chart has been slightly modified and Year 2016 has been recalculated to reflect operation of the home between October 2016-December 2016 (as reflected in the revised project forecast chart).

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>		Year 2016 (Oct-Dec)	Year 2017 (Jan-Dec)
1.	Allocated Corporate Overhead Expenses (Payroll, Processing, Insurance)	\$25,500	\$104,040
2.	Allocated Regional Overhead Expenses (Administrative Support)	50,275	206,453
3.	Repairs & Maintenance	3,350	13,400
4.	Transportation Expenses	2,297	9,186
5.	Utilities	3,230	13,020
6.	Other Operating Expenses	810.50	3,240
7.			
Total Other Expenses		\$85,462	\$349,339

14. Section C. (Economic Feasibility) Item 5

Is the \$693.81 gross charge a per patient charge or a per patient per day charge? Why is the charge higher than the other two D & S proposed ICF-IID homes on Erwin Hwy in the amount of \$638.32?

RESPONSE: Please note that the gross charge per patient has been revised to be \$661.04. D&S has also revised the Erwin Highway amounts to \$674.49 (2619 Erwin) and \$634.89 (2609 Erwin). The \$661.04 amount is based on a per patient per day charge. The higher expense compared to 2609 Erwin Highway is tied to higher lease costs. The home located at 2619 Erwin Highway will have higher costs because it will have more medically fragile residents requiring additional staffing.

15. Section C. (Economic Feasibility) Item 10

The financial statements of D & S Holdings, Inc. are noted. However, please provide the accompanying notes and independent auditor's report.

RESPONSE: See Attachment 15 (Section C (Economic Feasibility), Item 10).

16. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)

Please provide the following information:

RESPONSE:

Position	No. of Full Time Equivalent Employees	1st Year	2 nd Year	Applicant's Planned Salary/Wage Range	Prevailing Wage for this type of employee*
House Manager	1	1	1	\$16/hr	NA
Staff RNs	.33	.33	.33	\$65,000	\$56,370
Staff LPNs	0	0	0	NA	\$36,000
Nursing Assistants	0	0	0	NA	\$22,267
Staff HHA/CNA	0	0	0	NA	NA
Qualified Intellectual Disabilities Professional	.33	.33	.33	\$60,000	NA
Qualified Intellectual Disabilities Professional Assistant	.33	.33	.33	\$45,000	NA
Other (please specify): Direct Support Professionals	11	11	11	\$14/hr	NA
TOTAL	13	13	13		

**TN Dept. of Labor & Workforce Development*

17. Section C (Contribution to Orderly Development) Item 7. (d.)

The copies of the most recent licensure inspections of D & S licensed facilities are noted. Please provide verification from the licensing agency that the plan of correction was approved.

RESPONSE: See Attachment 17 (Section C (Contribution to Orderly Development), Item 7(d)) for confirmation email relating to D&S's plans of correction.

18. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE: See Attachment 18 (Proof of Publication)

19. Project Completion Forecast Chart

Please enter the Agency Initial Decision Date in the Project Completion forecast Chart and resubmit.

RESPONSE: See Attachment 19 (Project Completion Forecast Chart)

The earliest this application could be heard by the Agency is March 23, 2016. It is also noted the Project Completion Forecast Chart anticipates 40% of the proposed project's construction will be completed in March 2016. Please clarify how the applicant can have a construction contract signed, site preparation completed, etc. prior to obtaining a Certificate of Need.

If needed, please revise the Project Completion forecast Chart.

RESPONSE: See Attachment 19 (Project Completion Forecast Chart)

December 23, 2015

1:35 pm

AFFIDAVIT

STATE OF TENNESSEE

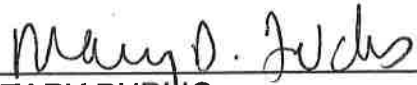
COUNTY OF Travis

NAME OF FACILITY: 1010 Old Stage Rd, Greeneville, TN

I, Mickey Atkins, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

 President KLEO
Signature/Title

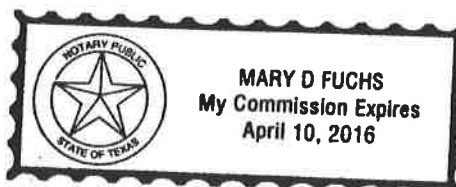
Sworn to and subscribed before me, a Notary Public, this the 21 day of December, 2015,
witness my hand at office in the County of Travis, State of Tennessee.


NOTARY PUBLIC

My commission expires 4/10/, 2016.

HF-0043

Revised 7/02





December 23, 2015

1:35 pm

December 22, 2015

Scioto Properties
Attn: Scott Zdroik
5940 Wilcox Place, Suite A
Dublin, Ohio 43016

Subject: **Intermediate Care Facilities**
1010 Old Stage Road, Greeneville Tn.
2609 & 2619 Erwin Highway Afton, Tn.

Dear Scott:

The Intermediate Care Facilities designed for Greeneville and Afton, Tn. are 3,500 gsf, wood framed, brick veneer/vinyl siding, one story slab-on-grade structures with pitched roof trusses and asphalt shingle roofs. The entrances to the facilities are via vehicular port cocheres. These ICF's have four single resident bedrooms, two resident bathrooms each shared by two of the bedrooms, a living room, dining room, family room, and Kitchen. Ancillary and support areas include an office, medication room, ½ bath, laundry, soiled and clean linen rooms, a mechanical room, and a covered rear porch. Parking for seven cars is available at each ICF.

Each facility has been designed to meet or exceed the Federal and Tennessee Standards for R-4 Use 'Residential Board and Care' physical environments for individuals with intellectual disabilities, including all applicable requirements of the 2012 N.F.P.A Life Safety Code, the 2006 International Building Code, the National Electrical Code, ADA, FHA, FHAG, ANSI 117.1, AIA Guidelines for the Design and Construction of Intermediate Health Care Facilities, and the specific requirements of the Tennessee Department of Intellectual Development and Disabilities. The estimated maximum cost of each facility including site development work is \$670,000.00. (\$191.43 / SF) The estimated maximum cost of each structure is \$151.00 / SF.

Respectfully,

George D. Berardi, AIA

cc. John Cochrane

December 23, 2015**1:35 pm**

Commercial Real Estate
115 South LaSalle Street
20W
Chicago, IL 60603



BMO Harris Bank N.A.
111 West Monroe Street
Chicago, Illinois 60603

December 1st, 2015

To Whom It May Concern:

Scioto Properties LLC and its subsidiaries ("Scioto") is a valued client of BMO Harris Bank N.A. Scioto has maintained a banking relationship with BMO since mid-2013. Currently, Scioto has a mid-eight figure senior secured revolving credit facility (the "Facility") in place for the purposes of acquiring residential and commercial properties located in the United States and constructing improvements thereon. Additionally, Scioto maintains operating accounts with average deposit balances in the low seven-figure range with BMO.

Should you have any questions regarding Scioto, please feel free to contact me.

Sincerely,

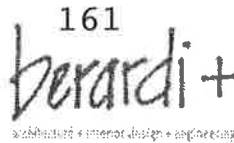
A handwritten signature in black ink, appearing to read "Michael Perlberg".

BMO Harris Bank N.A.

Michael Perlberg
Vice President – U.S. Commercial Real Estate

1010 Old Stage

Attachment 12 (Section C (Economic Feasibility), Item 3)



December 23, 2015

1:35 pm

December 22, 2015

Scioto Properties
Attn: Scott Zdroik
5940 Wilcox Place, Suite A
Dublin, Ohio 43016

Subject: ***Intermediate Care Facilities - Cost Comparison***
1010 Old Stage Road, Greeneville Tn.
2609 & 2619 Erwin Highway Afton, Tn.

Dear Scott:

The proposed costs for the Tennessee ICF's are higher than similar facilities we have designed and constructed in the Midwest Region, but lower than our East and West Coast facilities over the past several years. Most of these increased costs can be attributed to the following:

- Project Scale (4 Bed vs. 8/16 Bed facilities with the same Common Area components)
- Sloped Sites requiring substantial cut/fill, and importing stable fill materials
- Remote utility services requiring off-site extensions to the property boundaries
- Municipality Improvements & Requirements (ie. - Fire Hydrants, Vaults, Retention Ponds, etc.)
- Regional Labor Markets and the limited availability of skilled 'Allied Health Care' Subcontractors

Berardi+Partners Project Construction Costs:

Combined Site & Building(s)

West Coast -	\$225-250 / sf
East Coast -	\$175-225 / sf
Midwest -	\$150-170 / sf
Greeneville & Afton, Tn.	\$191 / sf

Please contact me at your earliest convenience if you have any questions regarding this data.

Respectfully,

John Cochran, Project Architect

cc. George Berardi

D&S Residential Holdings, Inc.

Consolidated Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2014 and 2013



Independent Auditors' Report

The Board of Directors and Shareholders
D&S Residential Holdings, Inc.:

We have audited the accompanying consolidated financial statements of D&S Residential Holdings, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of D&S Residential Holdings, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

Austin, Texas
March 31, 2015

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D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Balance Sheets
December 31, 2014 and 2013

SUPPLEMENTAL #1**December 23, 2015****1:35 pm**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 167,518	\$ 1,004,438
Accounts receivable trade, net	11,597,275	10,063,009
Prepaid expenses and other current assets	760,503	447,365
Current assets	<u>12,525,296</u>	<u>11,514,812</u>
Property and equipment, net	3,246,410	3,097,954
Program costs, net	7,802,456	10,176,108
Loan costs, net	174,280	229,653
Goodwill	13,236,257	13,236,257
Other assets	212,402	201,811
TOTAL ASSETS	<u>\$ 37,197,101</u>	<u>\$ 38,456,595</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 962,193	\$ 1,153,418
Accrued payroll	2,222,163	3,630,944
Accrued interest payable	164,840	76,182
Accrued management fees	245,980	82,501
Property taxes payable	413,296	339,221
Other accrued expenses	3,478,802	2,580,618
Revolving line of credit	4,300,000	3,900,000
Current portion of notes payable	2,084,375	1,796,875
Current portion of capital lease obligations	791,195	872,232
Current liabilities	<u>14,662,844</u>	<u>14,431,991</u>
Capital lease obligations, less current portion	1,075,383	900,615
Notes payable	10,637,283	13,121,658
TOTAL LIABILITIES	<u>26,375,510</u>	<u>28,454,264</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 per share, 250,000 shares authorized, 110,435 shares issued and outstanding	1,104	1,104
Additional paid in capital	1,218,921	1,175,723
Retained earnings	9,601,566	8,825,504
TOTAL STOCKHOLDERS' EQUITY	<u>10,821,591</u>	<u>10,002,331</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 37,197,101</u>	<u>\$ 38,456,595</u>

See accompanying notes and independent auditors' report.

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D&S RESIDENTIAL HOLDINGS, INC.
Consolidated Statements of Income
Years Ended December 31, 2014 and 2013

SUPPLEMENTAL #1

December 23, 2015
1:35 pm

	<u>2014</u>	<u>2013</u>
Revenues		
Residential care income	\$ 94,121,719	\$ 65,121,115
ICF income	11,593,051	9,170,589
Foster care income	11,254,305	10,914,450
Other revenues	45,503	56,779
Total revenues	<u>117,014,578</u>	<u>85,262,933</u>
Expenses		
Payroll and related expenses	77,648,151	54,268,407
Contract Labor	7,776,998	7,380,365
Food and housekeeping	1,900,878	1,617,217
Prevocational services	3,162,819	2,953,541
Provision for doubtful accounts	170,000	160,000
Quality assurance fee	438,453	476,278
Rental expense- homes	4,508,069	3,433,813
Rental expense- vehicles	237,755	179,618
Depreciation and amortization of property and equipment	1,427,728	1,137,906
Utilities	1,877,364	1,444,239
Fuel	2,150,445	1,736,893
Repairs and maintenance	1,225,819	994,329
Insurance	3,206,071	1,088,600
Interest	1,374,954	1,081,887
Amortization of debt issuance costs	55,117	24,166
Amortization of program costs	2,694,255	786,041
Professional fees	1,343,094	1,145,756
Management fee	625,523	449,097
Other expenses	3,993,382	3,146,325
Total expenses	<u>115,816,875</u>	<u>83,504,478</u>
Income before income tax expense	1,197,703	1,758,455
Income tax expense	45,833	22,068
NET INCOME	<u>\$ 1,151,870</u>	<u>\$ 1,736,387</u>

See accompanying notes and independent auditors' report.

1010 Old Stage

Attachment 17 (Section C (Contribution to Orderly Development), Item 7(d))

December 23, 2015**1:35 pm**

Subject: FW: Survey Compliance**From:** Sandra Owen [mailto:Sandra.Owen@tn.gov]**Sent:** Monday, November 09, 2015 9:01 AM**To:** Kaye Cooper**Cc:** Bobbi Halgrim**Subject:** Survey Compliance

Hello Kaye,

Re: D&S – #44G106, 3432 Old Allen Rd. and #44G107, 3131 James Road

Based on the findings of your annual recertification survey and revisit survey confirming completion of your plan of corrections of deficient practices, the above referenced facility has been found to be in compliance with all participation requirements of the ICF/IID program.

A copy of Form CMS – 1539 (C&T) is attached for your records.

Sandy

**Sandra Owen** | Administrative Service Assistant

Quality Management

Citizens Plaza, 9th Floor

400 Deaderick St., Nashville, TN 37243

p. 615-741-3069

Sandra.Owen@tn.gov<http://tn.gov/didd>

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Our Mission: D&S promotes optimal independence and quality of life by providing exceptional person-centered services.

December 23, 2015

1:35 pm

Subject: FW: Certification and Transmittal Forms
Attachments: DS certificates.pdf

From: Bobbi Halgrim [<mailto:Bobbi.Halgrim@tn.gov>]
Sent: Monday, December 21, 2015 2:19 PM
To: Robn Traugott <RTraugott@dscommunity.com>
Subject: Certification and Transmittal Forms

Good Afternoon Robn;

The attached Certification and Transmittal Forms are verification that the Darolyn and Egypt Central Homes were surveyed and the plans of correction were approved. The Forms also verify these two homes are ICF/IID certified from the date 2/1/15 through 4/30/16.

If I can help with anything else, please let me know.

Bobbi Halgrim



Bobbi Halgrim |Director, ICF/IID Survey Operations
Division of Quality Management
Citizens Plaza, 9th Floor,
400 Deaderick Street, Nashville, TN, 37243
p. 615-741-9223 c. 615-306-8537
bobbi.halgrim@tn.gov
tn.gov/didd

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Our Mission: D&S promotes optimal independence and quality of life by providing exceptional person-centered services.

This message contains confidential information and is intended only for the individual named. This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify us immediately. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify Natalie McKenna at tel. (512) 628-1546, E-mail: nmckenna@dscommunity.com, immediately if you have received this e-mail by

Supplemental #2 -COPY-

D&S Residential Services,
LP (Old Stage Rd)

CN1512-059

**December 30, 2015****8:21 am****State of Tennessee****Health Services and Development Agency**Andrew Jackson Building, 9th Floor, 502 Deaderick Street,
Nashville, TN 37243**www.tn.gov/hsda** Phone: 615-741-2364/Fax:615/532-9940

December 29, 2015

Robn Traugott
Director of Training and Development
D & S Residential Services, LP
8911 N. Capital of Texas Hwy, Building One, Suite 1300
Austin, Texas 78759

RE: Certificate of Need Application CN1512-059
D & S Services (101 Old Stage Road, Greeneville, TN)

Dear Ms. Traugott:

This will acknowledge our December 23, 2015 receipt of your supplemental response for the establishment of a four (4) bed home for individuals with Intellectual Disabilities (ICF/IID) located at 1010 Old Stage Road, Grenville (Greene County), Tennessee 37745.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 p.m., Wednesday, December 30, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)

The referenced revised letter from the architect indicates that "The estimated maximum cost of each facility including site development work is \$670,000.00. (\$191.43/SF) The estimated maximum cost of each structure is \$151.00/SF." In the supplemental response it has been noted that the Building Cost is \$594,685 and Site Work is \$150,000, totaling \$744,685 and that the cost per square foot for the building will be \$171.40. Please explain these discrepancies and/or submit a revised letter from the architect.

RESPONSE: The discrepancies are based on the different methods and assumptions used to calculate cost per square foot:

- **\$191.43 / SF:** This calculation is based on the expected maximum costs for site work and building. The amount is below the current bids for site work (\$150,758) and building costs (\$594,685) because the architect expects these costs to be lower than these current bids. The construction and site work are still under negotiation. Requested changes from Department of Health will also drive cost.
- **\$151 / SF:** This calculation is based what the architect expects the building to actually cost. Construction bids are still under negotiation and the \$151 / SF is where the developer and architects believe the final price will be, which is approximately \$528,500 for construction only. This calculation does not include site work, land or other expenses. Requested changes from Department of Health will also drive cost.
- **\$171.40 / SF:** This calculation is based on the current construction bids, as of the date of the submission of the supplemental responses and is based on building costs of \$594,685 plus GeoTech (\$2450) and survey (\$2800). These bids are still under negotiation and the developer, Scioto Properties, expects the actual cost will be less (which is reflected in the architect's estimate of cost per square foot for construction to be around \$151 / SF).

The addition of \$25,981 in home furnishings for the ICF/IID home in the Project Costs Chart is noted. Please submit replacement pages where in the narrative the project cost (\$972,436) does not reflect the revised Project Cost provided in your supplemental response (\$1,015,451). For example the project cost is referenced on pages 12-14 of the original application.

RESPONSE: Replacement Pages are attached as **Attachment 1.**

2. Section C. (Economic Feasibility) Item 3.

Please revise Replacement Page 36 to reflect the revised project construction costs.

RESPONSE: Replacement Page 36 is attached as **Attachment 2.**

3. Section C. (Economic Feasibility) Item 4 (Projected Data Chart)

Please submit the Projected Data Chart for 2 complete years following the completion of the project and revise your responses to Projected Data Chart Questions as needed.

RESPONSE: Revised Project Data Chart is attached as **Attachment 3.** Please note the following other expenses for 2016, 2017, and 2018.

OTHER EXPENSES CATEGORIES

	Year 2016	Year 2017	Year 2018
	(Oct-Dec)	(Jan-Dec)	(Jan-Dec)
1. Allocated Corporate Overhead Expenses (Payroll, Processing, Insurance)	\$25,500	\$104,040	\$104,040

2.	Allocated Regional Overhead Expenses (Administrative Support)	50,275	206,453	212,647
3.	Repairs & Maintenance	3,350	13,400	13,400
4.	Transportation Expenses	2,297	9,186	9,186
5.	Utilities	3,230	13,020	13,020
6.	Other Operating Expenses	810.50	3,240	3,240
7.				
	Total Other Expenses	\$85,462	\$349,339	\$355,533

Please complete the Net Operating Income (loss) and Net Operating Income (loss) less Capital Expenditures lines and submit, even if Retirement of Principal and Interest are \$0.

RESPONSE: Revised Project Data Chart is attached as **Attachment 3.**

4. Project Completion Chart

Please confirm that the applicant plans to have architectural and engineering contract signed, construction documents approved by the Tennessee Department of Health, the construction contract signed, and building permits secured prior to receiving a CON for the proposed project.

RESPONSE: D&S and Scioto Properties are operating on the following timeline: The contract with the architect was executed on October 14, 2015 and the contract with the civil engineer was executed on October 22, 2015. DOH approval for building and site documents is in process and final approval is expected in January 2016. Scioto Properties will sign the construction contract immediately following CON approval. Building permits will be secured once plans are approved by DOH, the CON is issued, and a final contract with builder is executed following issuance of the CON. Building permits will be applied for within three days of receiving CON approval. See **Attachment 4** for revised Project Completion Chart.

5. Affidavit

There is no Travis County in Tennessee. Please submit a revised affidavit for your first supplemental response.

RESPONSE: This affidavit was notarized in Texas, The attached affidavit has been revised to reflect "Travis County" in "Texas."

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is

deemed incomplete, the application shall be deemed void." For this application, the sixtieth (60th) day after written Notification is February 15, 2016. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Mark A. Farber
Deputy Director

Enclosure

December 30, 2015

8:21 am

AFFIDAVIT

STATE OF TEXAS

COUNTY OF Travis

NAME OF FACILITY: D&S Residential Services

I, Mickey Atkins, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

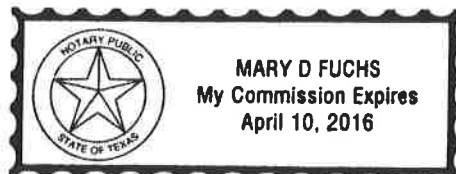
Sworn to and subscribed before me, a Notary Public, this the 29 day of December, 2015, witness my hand at office in the County of Travis, State of Texas.


NOTARY PUBLIC

My commission expires 4/10, 2016

HF-0043

Revised 7/02





8911 N. Capital of TX Hwy., Bldg. 1, Ste. 1300
Austin, TX 78759
Telephone: (512) 327-2325
Fax: (512) 327-5355
www.dscommunity.com

Robn Traugott
Direct Telephone: (210) 373-7450
RTraugott@dscommunity.com

December 8, 2015

VIA FEDERAL EXPRESS

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: D&S Residential Services, LP / Letter of Intent – 1010 Old Stage Road

To Whom It May Concern:

Enclosed please find a Letter of Intent filed in triplicate (one original and two copies) from D&S Residential Services, LP for the establishment of a four-bed ICF/IID home at 1010 Old Stage Road, Greeneville, Greene County, TN. These beds are being developed to replace four beds that will be closed at Greene Valley Development Center. The Certificate of Need application for this project is expected to be filed with the Health Services and Development Agency on December 11, 2015.

Publication of Intent has been arranged with the Greeneville Sun for publication on December 9, 2015, which is consistent with the timing of this Letter of Intent.

Thank you for your assistance in this matter and please do not hesitate to contact me at (210) 373-7450 or RTraugott@dscommunity.com if you have any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink that reads 'Robn Traugott'. The signature is stylized with a large, looped 'R' and a cursive 'Traugott'.

Robn Traugott
Director of Training and Development
D&S Residential Services, LP



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Greeneville Sun which is a newspaper
(Name of Newspaper)
of general circulation in Greene County, Tennessee, on or before December 9, 2015,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

D&S Residential Services, LP N/A
(Name of Applicant) (Facility Type-Existing)

owned by: D&S Residential Services, LP with an ownership type of Limited Partnership

and to be managed by: itself intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a four-bed ICF/IID home at 1010 Old Stage Road, Greeneville,

Greene County, TN. The estimated project costs, calculated according to HSDA rules, for this project are approximately \$972,436.

These beds, replacing four beds being closed at Greene Valley Developmental Center, will be licensed by the Tennessee Department of Intellectual and Developmental Disabilities as ICF/IID beds upon project completion. Services provided will include life care support for individuals with intellectual and/or developmental disabilities, appropriate therapies, community integration, and life skills development.

The anticipated date of filing the application is: December 11, 2015

The contact person for this project is Robn Traugott Director of Training & Development
(Contact Name) (Title)

who may be reached at: D&S Residential Services, LP 8911 N. Capital of TX Highway, Bldg. One, Suite 1300
(Company Name) (Address)

Austin TX 78759 210 / 373-7450
(City) (State) (Zip Code) (Area Code / Phone Number)

Robn Traugott 12.8.15 RTraugott@dscommunity.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be **filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:**

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

MEMORANDUM

TO: FROM:

Melanie Hill, Executive Director
Health Services and Development Agency

Theresa Sloan, Assistant Commissioner and General Counsel;
Tennessee Department of Intellectual and Developmental Disabilities



DATE: January 7, 2016

RE: Review and Analysis of Certificate of Need Application
D&S Residential Services, LLP - CN1512-059

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68- 11- 1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD) the licensing agency, have reviewed and analyzed the above-referenced application for a Certificate of Need.

Attached is the DIDD report. At a minimum, and as noted in TCA § 68-11-1608, the report provides:

- (1) Verification of application-submitted information;
- (2) Documentation or source for data;
- (3) A review of the applicant's participation or non-participation in Tennessee's Medicaid program, TennCare or its successor;
- (4) Analyses of the impact of a proposed project on the utilization of existing providers and the financial consequences to existing providers from any loss of utilization that would result from the proposed project;
- (5) Specific determinations as to whether a proposed project is consistent with the state health plan;
- (6) Further studies and inquiries necessary to evaluate the application pursuant to the rules of the agency.

If there are any questions, please contact me at (615) 253-6811

cc: Debra K. Payne, Commissioner, DIDD
Jordan Allen, Deputy Commissioner, DIDD
John Craven, ETRO Director, DIDD
Lee Vestal, Director of Risk Management and Licensure, DIDD

**REVIEW AND ANALYSIS CERTIFICATE OF NEED APPLICATION
 # CN1512-059**

Opening Remarks on the Project

Pursuant to, and in accordance with, Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Intellectual and Developmental Disabilities (DIDD), the licensing agency, have reviewed and analyzed the application for a Certificate of Need submitted by Mickey Atkins, President/CEO D&S Residential Services, LP on behalf of D&S Residential Services, LLP for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located at 1010 Old Stage Road, Greeneville, Greene County TN. D&S Residential Services, LLP is a Limited partnership qualified to do business in Tennessee. Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Greene County TN.

The report has three (3) parts:

- A. Summary of Project
- B. Analysis - in three (3) parts:

<u>Need</u>	<u>Economic Feasibility</u>	<u>Contribution to the Orderly Development of Health Care</u>
<p>Evaluated by the following general factors:</p> <ul style="list-style-type: none"> A. Relationship to any existing applicable plans; B. Population to be served; C. Existing or Certified Services or Institutions; D. Reasonableness of the service area; E. Special needs of the service area population (particularly women, racial and ethnic minorities, and low-income groups); F. Comparison of utilization/ occupancy trends and services offered by other area providers; G. Extent to which Medicare, Medicaid, and medically indigent patients will be served; and H. Additional factors specified in the Tennessee's Health Guidelines for Growth publication for this type of facility. 	<p>Evaluated by the following general factors:</p> <ul style="list-style-type: none"> A. Whether adequate funds are available to complete the project; B. Reasonableness of costs; C. Anticipated revenue and the impact on existing patient charges; D. Participation in state/federal revenue programs; E. Alternatives considered; F. Availability of less costly or more effective alternative methods; and G. Additional factors specified in the Tennessee's Health Guidelines for Growth publication. 	<p>Evaluated by the following general factors:</p> <ul style="list-style-type: none"> A. Relationship to the existing health care system (i.e., transfer agreements, contractual agreements for health services, and affiliation of the project with health professional schools); B. Positive or negative effects attributed to duplication or competition; C. Availability and accessibility of human resources required; D. Quality of the project in relation to applicable governmental or professional standards; and E. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.

C. Conclusions

A: SUMMARY OF PROJECT

Submission of Application

Mickey Atkins President/CEO on behalf of D&S Residential Services, LLP has submitted this CON, for the establishment of a new, four bed Intermediate Care Facility for individuals with Intellectual Disabilities (ICF/IID) to be located, at to be located, to be located, 1010 Old Stage Road, Greeneville, Greene County TN. Due to the closure of the state run Greene Valley Developmental Center (GVDC), these beds are being created for the transition of persons residing at the GVDC whose family members live in or near Greene County TN.

The Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility (ICF/MR)" (Item 7.H.) and the purpose of review is "New Institution" (Item 8.A.).

Applicant Profile, Ownership, Management, and Licensure

As previously noted, the Applicant Profile indicates that the type of institution is "Mental Retardation Institutional Habilitation Facility" (Item 7.H.) and the purpose of review is "New Institution" (Items 8.A.). The Applicant Profile also shows that the Owner and operator of the Facility, Agency or Institution, is D&S Residential Services, LLP. Item 9 of the Applicant Profile shows the bed complement as noted previously: four ICF/IID beds all of which are the number of proposed beds and beds at completion.

In Section B Project Description the Applicant explains and details the project as being the construction of a new four bed ICF/IID facility in Greeneville, TN. This facility will be constructed or the purpose of transitioning four individuals from the GVDC into a smaller group home in the community. This transition is required as a result of the closure of the GVDC as a result of an agreed upon exit plan in a 19 year old lawsuit *People First of Tennessee, et al. v. Clover Bottom Developmental Center, et al.* D&S Residential Services has financial resources to open this home as shown in Section C Economic feasibility of Original CON Application and Supplemental #1 to the CON Application.

The applicant currently is a licensed and Medicaid-certified ICF/IID provider in Tennessee and provides services to over 500 persons in Tennessee through ICF/IID and Home Community Based Waiver Services. The Applicant operates four ICF/IID facilities across Tennessee as well as being the largest provider of Home and Community Based Waiver Services in Tennessee, and is very familiar with the licensing process through DIDD. A new license for a Mental Retardation Institutional Facility would be issued by DIDD, to provide ICF/IID services at this home.

Scope of the Proposed Project

As noted, the Applicant seeks to establish a new four bed ICF/IID at to be located, on to be located, 1010 Old Stage Road, Greeneville, Greene County TN. The new facility will serve individuals with severe Intellectual Disabilities who require institutional level of care. These individuals have multiple special

needs including health care, assistance with hygiene, dietary services, physical therapy, and activities of daily living. D&S Residential Services, LLP is a private limited partnership company which operates four ICF/IID facilities across Tennessee as well as being the largest provider of Home and Community Based Waiver Services in Tennessee. D&S Residential Services, LLP also provides services in Texas and Kentucky.

Operations

The proposed service area identified by the applicant is Greene, County in East Tennessee.

The need for the development of this four bed ICF/IID home comes as a direct result of the announced closure of the last large state owned developmental center, Greene Valley Developmental Center (GVDC), which is anticipated to close on June 30, 2016. The closure of GVDC is part of an Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227) regarding unconstitutional conditions at four (4) developmental centers in Tennessee. The last obligation in the Exit Plan, which once complete will result in a full dismissal of the law suit, is the closure of GVDC and the transition of all residents into smaller homes in the community, such as the home this CON is being requested to build.

Project costs are estimated at \$1,015,451, as noted in Supplemental #1 of the CON application, for completion of the new four bed home. The projected date of completion of the project and the initiation of services is October, 2016.

B: ANALYSIS

NEED:

The Guidelines for Growth include a population-based estimate of the total need for ICF/IID facilities of 0.032 percent of the general population. This estimate is based on the estimate for all Intellectual Disabilities of 1 percent of the general population. Of the 1 percent estimate, 3.2 percent are estimated to meet level 1 criteria and be appropriate for ICF/IID services. The applicant identified the proposed service area for this project as Greene County in East Tennessee. The total population in Greene County as of 2015 is estimated at 71,945. Applying the Guidelines for Growth formula to this population estimate indicates a need for 23 ICF/IID beds in this service area. However, this formula was developed prior to the plan for closure of the GVDC and does not reflect the actual needs for ICF/IID beds as a result of the closure. Currently GVDC has 85 ICF/IID beds in Greene County, with the closure of GVDC these beds will no longer be available to support persons with ID who qualify for and need an institutional level of care and currently live in Greene County, TN. All four of the proposed new ICF/IID beds will be created to support persons moving out of the GVDC. Therefore, the need for these ICF/IID beds is present, and under the current circumstances, the closure of GVDC and the 85 beds currently located there must be taken into consideration when applying the Guidelines for Growth formula. The approval of these beds will have no net increase in the number of ICF/IID beds with the closure of GVDC.

ECONOMIC FEASIBILITY:

The anticipated cost for this project is \$1,015,451 for construction of the new four bed ICF/IID home as described above. Based on information submitted by the applicant, sufficient cash reserves appear to be in place to fund this project, as outlined in Attachment C. Economic Feasibility-2 and Supplemental #1 to the CON Application. D&S Residential Services, LLP has entered into a Letter of Intent and Development Agreement with Scioto Properties to construct the home and lease it to D&S. The project involves the construction of a new four bed ICF/IID home located in Greeneville, Tennessee. It is an approximately 3,480 square foot, one story home located on a 2.086 acre lot. As explained on Page 14 of the application, the facility design includes four bedrooms, two living room areas, a kitchen/dining room, laundry, and two covered porches. The home will have two large, fully accessible bathrooms. The home will also have an R13 Fire Protection System. As explained above the construction of this ICF/IID home will add four additional ICF beds in Greene County.

D&S Residential Services, LLP projects an occupancy rate of 100% for this project for both year 1 and year 2, since the beds will be immediately filled by the relocation of residents from the Greene Valley Developmental Center. The majority of ICF/IIDs in its proposed service area operated at 100% occupancy across the full three year period. Based on this information the projected occupancy rate appears to be reasonable.

Net operating revenue is anticipated of \$243,265 the first year of operation and \$986,918 the second year. All revenue will be from Medicaid. The average gross charge is expected to be \$661.04 per day for the first year of operation. The per diem rates for ICF/IID facilities are set by the State of Tennessee Comptroller's Office, based on the "Intermediate Care Facility Statement of Reimbursable Cost" form submitted annually by all ICF/IID providers.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE:

D&S Residential Services, LLP plans to fill the four ICF/MR beds associated with this project by relocating four residents from the Greene Valley Developmental Center. There are no other ICF/IID facilities in the proposed service area in East Tennessee with vacant ICF/IID beds, so this proposal should not have a negative impact on other providers. D&S Residential Services, LLP will provide complete support services for residents of this facility based on their individual care plans. D&S Residential Services, LLP is in the process of developing relationships with all area hospitals, there is no difficulty anticipated in this given the years of ICF/IID and Home and Community Based Waiver Services experience this provider has in the state.

The proposed staffing pattern reported by the applicant provides for the current staffing levels required by ICF/IID regulations, which includes .33 FTE hours for RN and 11 FTE hours for Direct Support Professionals. This appears to be a sufficient number of nurses and direct support professionals to staff the four bed home.

The applicant currently is a licensed and Medicaid-certified ICF/IID provider in Tennessee and provides services to over 500 persons in Tennessee through ICF/IID and Home Community Based Waiver Services. The Applicant operates four ICF/IID facilities across Tennessee as well as being the largest provider of

Home and Community Based Waiver Services in Tennessee, and is very familiar with the licensing process through DIDD. The provider is very familiar with the licensing process in Tennessee.

C: CONCLUSIONS:

As noted above, the Department of Intellectual and Developmental Disabilities (DIDD) is the agency responsible for licensing Mental Retardation Institutional Habilitation Facilities, which provide ICF/IID service and is also the department that is responsible for the provision of services for individuals with intellectual disabilities. Therefore, DIDD as the experts in the field of intellectual and developmental disabilities has reached the following conclusion regarding this D&S Residential Services, LLP Certificate of Need application for establishment of a four bed ICF/IID facility in Greene County to serve individuals being relocated from the GVDC.

The Need for the approval of a four bed ICF/IID operated by D&S Residential Services, LLP is supported by the Guidelines for Growth population-based formula, with the closure of GVDC being taken into account. Need for the four bed ICF/IID facility is also supported by the Exit Plan in a nineteen (19) year old lawsuit against the state of Tennessee by the Department of Justice (People First of Tennessee et. al. v. The Clover Bottom Developmental Center et. al. No. 3:95-1227), which requires the state of Tennessee to close the Greene Valley Developmental Center and relocate the residents to smaller four person ICF/IIDs in the community.

The cost of the project appears to be reasonable, and will save the state money based on the closure of the GVDC and the cost associated with running an older larger congregate facility. The project can be completed in a timely manner. Adequate funding is available and projected utilization and revenue should be sufficient to ensure the economic feasibility of the project.

This project would contribute to the orderly development of healthcare by allowing residents of The GVDC to receive services in a smaller, more personal living environment consistent with current standards of care for individuals requiring ICF/IID services.

In conclusion, the Department of Intellectual and Developmental Disabilities supports approval of D&S Residential Services, LLP Certificate of Need application for the establishment of a four bed ICF/IID in Greene County Tennessee.